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TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES

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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

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TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Friday, December 18, 1908.

(The committee this day met, Hon. Sereno E. Payne in the chair.)

The CHAIRMAN. Is Judge Gary present?

(There was no response.)

STATEMENT OF MR. ALFRED R. URION, REPRESENTING ARMOUR & CO., OF CHICAGO, ILL.

(The witness was duly sworn by the chairman.)

Mr. URION. My name is Alfred R. Urion. I represent Armour & Co., meat packers, of Chicago. I am here, in response to the request of the committee, to be interrogated concerning the duty on hides.

The CHAIRMAN. You may proceed with your statement.

Mr. URION. I have prepared no statement for the reason that after reading the proceedings I concluded that only those who asked something at the hands of the committee in the readjustment of the tariff filed briefs or prepared statements. Armour & Co. are asking nothing in the readjustment of this tariff. However, I shall be very glad, and I think it is my duty, to give any information I may be able to give on the subject.

The CHAIRMAN. Mr. Urion, what the committee desires to have information upon is the question of whether the duty on hides raises the price in this country owing to the limited importations compared with the amount produced in this country; and if it does not increase the price in this country, who gets the benefit of the tariff?

Mr. URION. Well, every steer has a hide on it, and that hide must have a value on the steer in the hands of the farmer as it has a value in the hands of the packer; and I think every farmer knows that. The average value of a hide, or the average of a hide, is about 6 per cent of the total of an animal. As you know, the edible parts of a steer are only about 57 per cent. The other 43 per cent is made up of the hide, the tallow, and what we classify as offal. Of the 43 per cent, the hide is the most valuable part; and, as I say, about 6 per cent. The average weight of a hide is from 60 to 70 pounds, green. I suppose a fair average is, perhaps, 65 pounds; and that hide is worth to the farmer, approximately, on the present market, \$6.50 to \$7. Of course that varies with the weight and size of the animal.

The CHAIRMAN. Packers buy the cattle on the hoof in large quantities and slaughter them and lay aside the hides. They do not put them on the market every day when they buy the cattle, but they hold them for a better market?

Mr. URION. Well, it takes about thirty days to prepare a hide in the salting and curing of it; and hides, of course, are not perishable,

while most of the other part of the animal is perishable. The hides are sold according to the market demand, and it fluctuates, of course. A year ago hides were down as low as 8 cents. To-day they are up as high as 14 or 15 cents. At that time the cellars of the packers were overflowing; there were no buyers, and, of course, as the demand increased the supply has decreased.

The CHAIRMAN. At that time the duty cut no figure whatever in the price of hides, when the cellars were full?

Mr. URION. Well, but the duty cuts a figure, if it cuts it at all, at the time of the purchase. The slaughtering of cattle and the handling of the product that comes from a steer is of course fluctuating. It takes a week or ten days to get the edible part of that on the market. We may buy to-day on the Chicago market, as an example, and it will be probably ten days, certainly a week, before that beef, the edible part, gets to the market. The parts manufactured into sausages and other products are more likely to be a month. When the buyer goes on the market to buy these cattle he is in competition with from 150 to 200 buyers in the Chicago yards. He buys them, expecting of course to be able, so far as his judgment goes in judging the markets, to make a profit. It often happens that the beef is sold at a loss, and if the by-products make no profit there is a total loss on the purchase, which often happens.

The CHAIRMAN. Now, these buyers do not buy direct from the farmer?

Mr. URION. They buy through commission merchants, to whom the raisers, the producers, ship their cattle for sale.

The CHAIRMAN. They ship to the commission merchants and the commission merchants sell to your buyers?

Mr. URION. Sells to any or all buyers there.

The CHAIRMAN. One buyer as well as another?

Mr. URION. Yes.

The CHAIRMAN. You say that there are 150 and more buyers. How many different concerns do they represent?

Mr. URION. Well I can give a concrete example, perhaps, which would be best. The Daily Live Stock Journal of last Tuesday, Tuesday of this week, showed 5,500 cattle received on the Chicago market. The shipments on that day were about 2,100, as near as I can make out.

Mr. COCKRAN. Of live cattle?

Mr. URION. Order buyers, buyers who are on the market and buy to fill orders in the East or elsewhere; and the buyers on that market that day were Armour; Swift; Morris; Anglo-American; Hammond, Boore & Co.; S. & S. (that is, Schwarzchild & Sulzberger); Boyd & Lunham; Roberts & Oak; the Western Packing Company; butchers and shippers. I supposed that this gave the total purchase of each packer of cattle. I find, however, that it is not in this issue, although the hog purchasers are there.

Mr. COCKRAN. When you say "butchers and shippers" are you speaking of a concern, or of butchers and shippers outside of your own firm?

Mr. URION. No; they are referred to as packers, outside of such as Armour & Co.

Mr. COCKRAN. And not as one concern?

Mr. URION. No.

Mr. COCKRAN. The miscellaneous butchers and shippers?

Mr. URION. Yes, sir. The average of these buyers outside of Chicago, what we call "shippers," is about 40 per cent of the total run. The other 60 per cent—these are round figures—are made up of all the buyers on the Chicago market; and there are many slaughterers in Chicago outside of Armour.

The CHAIRMAN. They are all over the country.

Mr. URION. It may be of interest to this committee to know that in the State of Illinois, outside of Chicago, 360,000 cattle are slaughtered annually.

The CHAIRMAN. It is stated that about 13,000,000 cattle are slaughtered annually, 5,000,000 by the packers. Do you think that is correct?

Mr. URION. No; that was correct according to the last statistics, but those statistics are two years old. It is my understanding and my best information that there are in the neighborhood, or was for the year ending June 30 last, about 17,000,000, of which the packers—and when I say packers I refer to the largest packers of Chicago—killed about a little over 7,000,000.

The CHAIRMAN. You think that the appetite of the people has been increased in the last two years, then, to the extent of 4,000,000 cattle, in spite of the hard times?

Mr. URION. The consumption of beef is increasing all the time. We are an extravagant people in our eating; the American people want the finest cuts; and the cheaper cuts, which is the barrel beef, and matters of that sort, are exported, where it can be.

But, as I say, when we buy the cattle we never know when we will be able to sell the beef. It is largely a matter of business judgment.

The CHAIRMAN. When a farmer has an animal ready for slaughter, properly fitted for beef, he must put it on the market or lose money; that is, the longer he keeps it the worse he is off.

Mr. URION. He is the worse off to the extent of the feed he puts into it after it is ready for the market.

The CHAIRMAN. He is obliged to sell.

Mr. URION. The farmer of the present day, with the telephones and the post-office service of the country, is able to get his daily papers and his stock journals, and he keeps pretty well informed on the market; and you can generally figure that they ship at the time they think they are going to get the best market.

The CHAIRMAN. When the price is up, every farmer gets that back; every farmer ships what cattle he has, does he not?

Mr. URION. Every farmer, like every other man, is trying to sell his product for as much as he can get for it.

The CHAIRMAN. Exactly, and when every farmer does that it overstocks the market, and the price goes down.

Mr. URION. That sometimes happens.

The CHAIRMAN. Does it not always happen?

Mr. URION. Not always, because it depends largely on the demand.

The CHAIRMAN. You have known instances where it did happen?

Mr. URION. Certainly.

The CHAIRMAN. Of course the packers are not in the business for their health; they buy when they can buy the cheapest.

Mr. Urion. Certainly; we expect to make a profit on our business if we can; but as for the profit on any particular part of an animal, I do not believe it is possible to figure it out.

The Chairman. I do not believe it is either. Now, the packer being in business in that way, if there is any part of the animal, such as the hide, that he can preserve without cost, he holds it for the highest price, does he not?

Mr. Urion. He wants to get as much for the hide as possible.

The Chairman. And that results in his holding it for the highest price?

Mr. Urion. Hides run into money very fast.

Mr. Cockran. Please state what you mean by that.

Mr. Urion. I mean, when hides are stored in the cellar, you are putting a lot of money into them which it costs to carry them; and hides do not fluctuate very much.

The Chairman. I do not take it that these packers are very much cramped for sufficient money to run their business, even in the keeping of hides.

Mr. Urion. Well, I can only speak for Armour & Co.—I know nothing about the others, and have no authority to speak for them—but I know we find it necessary to borrow money to run the business with.

The Chairman. I do not doubt that, and the banks are glad to loan it to you.

Mr. Urion. I think our credit is good.

The Chairman. So that they are able to hold their hides for better markets.

Mr. Gaines. It was stated a year or two ago that Swift & Co.'s notes were all over the country, the country banks were trying to place them; so it seems that they do, if there is any truth in that report, borrow a good deal of money.

The Chairman. Mr. Urion does not want to go into their affairs. He is speaking of Armour & Co., as I understand it.

Mr. Urion. I know nothing about Swift & Co.'s affairs.

Mr. Cockran. I suppose that you get a great deal of paper in the course of your business, or do you deal for cash only in the disposition of the product?

Mr. Urion. Every purchase made on the market is an auction purchase and spot cash.

Mr. Cockran. What is that?

Mr. Urion. Live stock is sold, I might say, at auction, because one is bidding against the other, and it is cash.

Mr. Cockran. I understand that; but I was asking, however, by way of explanation of Mr. Gaines's question, whether a great deal of your product is not disposed of on time and whether you do not take notes when you sell. Will you kindly explain just the condition?

Mr. Urion. It is true that a large part of the packers' product is sold on time—thirty, sixty, and ninety days. Fertilizers are sold on the year, sometimes two years.

Mr. Cockran. When you dispose of these products on time, do you simply make a book entry or take a note?

Mr. Urion. As a rule, they are open accounts.

Mr. Cockran. By that what do you mean?

Mr. Urion. They are on the books; no notes for them.

Mr. COCKRAN. Where you give extended credit, of course you take notes?

Mr. URION. Yes; fertilizer, for instance—upon that we take notes.

Mr. COCKRAN. How do you dispose of it in general; what is the modus by which you get your product on the market? Do you sell direct to the butchers, or is there any agency between the packer and the butcher who sells to such people as the chairman and myself?

Mr. URION. Well, take our products. Armour & Co. distribute in various parts of the country through their branch houses, and sell to butchers.

Mr. COCKRAN. You do not deal direct between your branch houses and the public?

Mr. URION. No, sir; we do no retailing whatever.

Mr. COCKRAN. To those butchers to whom you dispose of your product, what terms do you make?

Mr. URION. It depends upon the kind of product they buy.

Mr. COCKRAN. I am referring to food supply; meat, for instance, perishable meat.

Mr. URION. Fresh meat is sold payable weekly. Provisions are sold payable monthly. And as to other products—lard, I think, is sold on thirty days. The products vary. Only the fresh meats are sold on short time, one week.

Mr. COCKRAN. So that this capital engaged in packing is largely tied up by the credits you extend, and of course that necessitates borrowing money against those credits through the banks?

Mr. URION. That is a part of the business; yes.

Mr. COCKRAN. There was a good deal of testimony here on the effect of this duty on hides so far as prices are concerned, and it was stated by some that the cost of hides was almost a negligible quantity in determining the cost of the steer; that the packer purchased with reference to the demand for the meat of the steer.

Mr. URION. That is, the hide was thrown in?

Mr. COCKRAN. Not exactly thrown in, but nobody bought for the sake of the hide. The hide was simply a resulting incident, and that the packer purchased with reference to the demand for food.

Mr. URION. I think I explained before you came into the room, Mr. Cockran, that only 57 per cent of an animal is meat-food product.

Mr. COCKRAN. Meat food, but in various forms?

Mr. URION. I referred to it in various forms. The 43 per cent is made up of hides, tallow, and offal.

Mr. COCKRAN. The offal is disposed of, is it not?

Mr. URION. Certainly; our business has been built up on small economies. The waste which in the old-time way of slaughtering went into the streams and into the gutters is taken care of.

Mr. COCKRAN. That is the great contribution of the packer to present conditions, and a very valuable one. But for the enlightenment of the committee, I think it is important, if we can ascertain it, to know what it is that determines the packer in going into the market. Does the necessity for supplying hides cut any figure, in your estimation, for instance, of the purchases made?

Mr. URION. I do not think it is possible to take any one part of the animal and say that the demand is for that particular part, and that the buying of the steer was for that particular thing. It is purchased for all there is in it—hide, hoof, horns, and all.

Mr. COCKRAN. But surely there is some determining factor. If I want to build a house, the necessity for the house would be the main thing that moved me, though I would afterwards be moved by various other matters in the detail of arrangement; so if I go out and buy a steer, there must be some determining factor that moves me. What demand is it?

Mr. URION. Perhaps you are trying to get at the value of the hide, or whether it is considered?

Mr. COCKRAN. It is not that. We will have to do that by considering a variety of circumstances. What I want to get from you is whether these gentlemen are correct in stating that when you go out to purchase a steer, or cattle, in the markets, you are moved by a desire to meet the demand for food products mainly, and that the hide is practically a negligible quantity in determining the demand for the steer—not the price, but the demand—on the part of the packers.

Mr. URION. The demand for beef primarily is a reason, but when you consider that only 57 per cent of that is meat—in other words, out of a thousand-pound steer you get only approximately 570 pounds of meat—but you buy the other things. I can best illustrate that, perhaps, by saying this: All the cattle purchased at the various centers are purchased under the inspection of the Agricultural Department. They have two examinations; one is the ante-mortem examination, which is made in the yard. A very large percentage, due to tuberculosis and other things which you are familiar with, tuberculosis particularly, is condemned, and they are killed by a slaughterer, who is authorized by the Agricultural Department to kill under the supervision of that department. Of course none of that meat is edible; it is destroyed. Nobody can buy it. The commission man puts those cattle in the hands of the Government or into the hands of the authorized slaughterer for slaughter, and the farmer who sends in that animal gets his return for the hide and the offal, because that is all there is in it. He knows he is getting value for the things that are only purchasable; and so it is with the hide and offal and with all parts of the animal. The farmer knows that he is selling the entire animal and that only part is used for meat.

Mr. COCKRAN. I understand all that, but every part of the animal excepting the hide is disposed of in your own establishment; you make everything practically out of the offal into which the offal can be converted. The hide is a different element, however, as I understand it. It is left with yourselves and disposed of subsequently to an entirely independent industry. Am I correct in that?

Mr. URION. It is not entirely a raw material any more than the other of the waste—the 43 per cent. The hide is taken off, cured and salted, packed, and so on, and put into shape to go to the leather manufacturer, who in turn gets it one degree beyond.

Mr. COCKRAN. All of that I understand, but I want to make a distinction that really exists, a distinction between the hide, which you do not develop and which is no part of your own industry at all, and the other elements of the steer, both the meat elements and the other, all of which, as I understand it, are developed, manufactured, and completed in your own establishment and distributed through your agencies to consumers. Am I correct in that?

Mr. URION. Very largely so.

Mr. COCKRAN. Then the hide is the only element of the steer, so far as you yourselves are concerned, that is not a part of your product—your finished product?

Mr. URION. Not a finished product, no; not to the last degree of finish.

Mr. COCKRAN. That is what these gentlemen state. All the other elements of the steer are manufactured, completed, made ready for consumption in your own establishment by your own agencies, and distributed through your own houses; but the hide is an independent element, kept only to yourself until a favorable opportunity comes, when you dispose of it to other manufacturers whose business it is to develop it and turn it into a finished article. That is the distinction made. Is it correct?

Mr. URION. Very largely true; yes, sir.

Mr. UNDERWOOD. You stated a moment ago that the amount of cattle killed was 17,000,000, and that the amount killed by the packers was 7,000,000. I want to know, with respect to all of these cattle that are killed, whether their skins go into hides?

Mr. URION. Certainly.

Mr. UNDERWOOD. They go on the market as hides, and practically there is no material loss in the number?

Mr. URION. That is, only a small number. Those are what are known as "packers' hides." There are a large number of hides known as "country hides" in addition to the packers' hides.

Mr. UNDERWOOD. The 17,000,000 cattle include the country hides?

Mr. URION. Yes, sir.

Mr. UNDERWOOD. They do include them?

Mr. URION. Yes, sir.

Mr. UNDERWOOD. All the packers kill go into hides. Do all the country cattle killed go into hides?

Mr. URION. Certainly; if a steer dies on the place, the first thing a farmer does is to skin it, because the hide has a value, and he knows it.

Mr. UNDERWOOD. Do you packers purchase those hides?

Mr. URION. No, sir; and I am glad to have an opportunity to correct a misstatement that has been made to the committee, viz, that the packers are engaged through their agencies in the country in buying hides. I want to say for Armour & Co. that we buy no hides whatever, and we sell no hides excepting our own take-off; the hides which we strip from the cattle which we purchase; and I think that is true as to the other packers.

Mr. UNDERWOOD. That covers the same business conditions governing your competitors as well?

Mr. URION. I think that is so.

Mr. UNDERWOOD. Where do the country hides go?

Mr. URION. They are sold on the market just as the packers' hides. The distinction between the packers' hides and the country hides is that the packer's hide is regarded as a superior hide, and it commands a higher price on the market, the reason for that being the care with which they are removed from the animal, and the care with which they are prepared for the market. In our establishment the skinners of cattle are paid 50 cents an hour—$5 a day on the ten-hour basis—and the hides are immediately washed off, the manure removed from the skin, put in order, and immediately sorted and taken care of—

dressed; whereas the country hide is taken off by an unskilled man very often, is full of cuts, and every time there is a cut in a hide it depreciates its value. He takes it off, throws it aside to be cured at a more convenient time, or hangs it on the fence to dry. In the summer he puts it away until the cool of the day; and they do not take the salt so well—they are not as good hides.

Mr. UNDERWOOD. What is the price of packers' hides now?

Mr. URION. They run—you understand there are many different kinds of hides even in the packers' hides.

Mr. UNDERWOOD. Yes.

Mr. URION. Packers' hides are now ranging from 12 to 15 cents. A year ago they were selling as low as 8 cents and nobody to buy them, no demand for them.

Mr. UNDERWOOD. Is that price uniform with all of the packers?

Mr. URION. Well, the hide market is established by the hide buyers; I don't know. These are our prices.

Mr. UNDERWOOD. That is what I wanted to get at, whether there was any arrangement between the great packing interests in this country as to the sale of hides, or do you go into the market independently of your competitors?

Mr. URION. We go into the market independent of competitors. The buyer of the hide is like the buyer of everything else—he shops around to get something to suit him, and when he finds that, he buys it as cheap as he can, while the seller wants to get as much for it as possible.

Mr. UNDERWOOD. I understand that. There is no arrangement for fixing the price of hides by the packers?

Mr. URION. No, sir.

Mr. UNDERWOOD. Where do you find your market for these hides; where are they disposed of?

Mr. URION. They are all disposed of in this country. For hides there is a home market for the home producer.

Mr. UNDERWOOD. I understand, but what I want to know is, if you can give me the information, whether the Chicago hides, for instance, are shipped east or west.

Mr. URION. I can answer that, I think.

Mr. UNDERWOOD. North or south, and proportionately where they go?

Mr. URION. I can answer that. To Philadelphia; Milwaukee; Newark, N. J.; Wilmington, Del.; Chicago; Peabody, Mass.; and Camden, N. J., they being the largest tanning centers.

Mr. UNDERWOOD. Does a large portion of your hides go to St. Louis?

Mr. URION. I do not recall that there are any large tanners in St. Louis. It is possible that some of them do. They go wherever there is a tanner, if we are able to sell him.

Mr. UNDERWOOD. Most of your markets are east of you for hides?

Mr. URION. Well, there are some large tanneries in Wisconsin.

Mr. UNDERWOOD. What are the freight rates necessary to deliver those hides?

Mr. URION. I can not tell you; I don't know. I am not prepared to answer that. That is a shipping proposition which I know nothing about.

Mr. UNDERWOOD. What percentage of the packers' hides come from the western market?

Mr. URION. Well, I suppose it is the percentage of the packers' kill in the West. I have a list here—I have been unable, from any of the government departments, to ascertain the exact number of packers or slaughterers of cattle and hogs. I called on the National Provisioner, which is an authority on cattle and meat matters, and they furnished me with a list of some 1,400 packers and slaughterers of cattle and hogs in this country, and they are the ones who produce the packers' hides.

Mr. UNDERWOOD. I want to get your judgment. If you can not give us the accurate figures, an estimate, as to where these hides are produced, whether in the East or the West; in other words, what is the percentage in the West?

Mr. URION. It follows that if the large packers kill 36 or 37 per cent of the cattle killed that they produce 36 or 37 per cent of the hides.

Mr. UNDERWOOD. That is in the West, isn't it?

Mr. URION. Most of the large killers are in the West, although there are large killers in New York, Philadelphia, Buffalo, and at other points.

Mr. UNDERWOOD. I suppose the distribution of the country hide is largely along the lines of population?

Mr. URION. Farm population; yes, sir.

Mr. UNDERWOOD. Now, the competition where you meet the foreign hide is in the New York market, is it not; the place of competition?

Mr. URION. I understand that all of these points which I have enumerated buy more or less of foreign hides. I do not know how many; I do not know much about the hide or the leather business; in fact; nothing about the leather business.

Mr. UNDERWOOD. Have you any information as to the point where the domestic hide comes in competition with the imported hide?

Mr. URION. I suppose wherever there is a buyer of the imported hides; at all of these tanning centers, I should say.

Mr. UNDERWOOD. Do you know what the advantage is in the domestic freight rate, either way, between the foreign hide and the domestic hide in reaching the point of consumption?

Mr. URION. I know nothing about that. That is a railroad and a shipping proposition.

Mr. UNDERWOOD. Do you know what the freight rate, the ocean rate, upon foreign hides is, landed in New York, and at other ports of entry?

Mr. URION. I do not.

Mr. UNDERWOOD. Do you know whether, if hides were placed on the free list, it would in any way affect the price of domestic hides?

Mr. URION. I think it would open—in the first place, in my judgment, and my judgment is no better than anyone else's—it would destroy the home consumption, the home production.

Mr. UNDERWOOD. Have you considered the question as to whether the foreign freight rate and the domestic freight rate to the markets of consumption on the foreign hide would give any advantage in that market to the domestic hide?

Mr. URION. I do not think it would. I was looking for a table that I had. I cabled London on Monday to get the prices of hides there.

Mr. CRUMPACKER. You answered Mr. Underwood that the taking of the small duty, 15 per cent, off hides, would amount, according to your own statement, to only about 90 cents on a hide, or a steer, but that it would destroy the domestic production. What do you mean by that; that they would stop raising cattle?

Mr. URION. Not at all.

Mr. CRUMPACKER. Quit skinning cattle?

Mr. URION. Not at all.

Mr. CRUMPACKER. Or quit saving the skins?

Mr. URION. Not at all. But it would destroy the home market; it would open the home market to that extent.

Mr. CRUMPACKER. If it had any effect, it would reduce the price of hides, say, 90 cents on an average on each green hide?

Mr. URION. That would mean 90 cents of the farmers.

Mr. CRUMPACKER. Do you think the farmers get all of that?

Mr. URION. Yes, sir. He would be the first one to call for it if he did not get it.

Mr. CRUMPACKER. Is the foreign price here plus the tariff on hides?

Mr. URION. No, sir; that is what I was looking for. I cabled to London to get the prices of hides there. The prices there are very much lower, even taking into consideration the 15 per cent duty. I will say that for the market here it would open it to the South American hide, and I think it would reduce the price of hides.

Mr. CRUMPACKER. Do you think the tariff adds anything to the price of hides here?

Mr. URION. I do.

Mr. CRUMPACKER. It can not add more than 90 cents on an average?

Mr. URION. Ninety cents is the low average. It is 90 cents to $1.20, taking a thousand-pound steer.

Mr. CRUMPACKER. That is, for the kind of animals that are slaughtered by the big packers. The hides that are taken from the animals throughout the country—some eleven millions, I believe—average very much below that?

Mr. URION. No; I think not. I have heard a good deal about 25-pound hides. Perhaps you are thinking that the country hides are smaller than the packers' hides. They average just the same. I do not know what a 25-pound steer hide is.

Mr. CRUMPACKER. What I wanted to have you make clear is, how the removal of this tariff would destroy the production of hides in this country when it only amounts to about 90 cents.

Mr. URION. I do not think it would destroy the production. What I meant to say was that it would open the home market to the South American hides, and the tendency would be——

Mr. CRUMPACKER. But it is open now. We buy large quantities of hides from South America. It would simply reduce somebody's profit about an average of $1 on a steer, would it not?

Mr. URION. Certainly; whenever you destroy your home market you lower the price.

Mr. UNDERWOOD. Will you find that memoranda that you were looking for, and give us the London prices?

Mr. URION. I am afraid I haven't got that, Mr. Underwood, although I think it is at the hotel, and I will be glad to bring it to the committee.

Mr. UNDERWOOD. Do you recall what it was?

Mr. URION. No; I did not attempt to carry the figures in my head.

Mr. UNDERWOOD. Foreign hides, of necessity, will be cheaper in London under a free-trade condition than in this country, would they not, on account of the freight conditions? There is a constant passage of vessels between England and South America, while there are very few vessels that are trading between this country and South America. If we bought our hides from England, we would not only have the freight from South America to pay, but the freight across the Atlantic to this country, and therefore is it not true that even under free-trade conditions foreign hides would be cheaper in Great Britain than in this country.

Mr. URION. You are getting into the realms now that I know nothing about. I have had about twenty-one years' experience in the packing business—more than half my life—and I do not know much else.

Mr. UNDERWOOD. That is one of the questions that we would like——

Mr. URION. I think, however, your statement, that they go from South America to England and then are shipped over here, would be like "going around Robin Hood's barn" to get the South American hides to this country.

Mr. UNDERWOOD. Of course the passage of the trading vessels would regulate that, and where there are very few vessels moving in commerce between ports of this country and South America there are a great many moving between England and South America. Necessarily it would produce a result in ocean freight rates which would be to the advantage of the English purchaser and enable him to purchase hides very much cheaper than they could be laid down in this country.

Mr. URION. I haven't any opinion upon that; I do not know anything about it.

Mr. UNDERWOOD. You can not express an opinion as to the domestic freight rates or foreign freight rates that enter into this subject?

Mr. URION. No, sir; that is a shipping matter with which I am not familiar.

Mr. COCKRAN. The fact remains that entirely independent of the cost of hides you go on and buy cattle just the same to meet the meat supply?

Mr. URION. Certainly.

Mr. COCKRAN. And you would have about the same quantity of hides and you would dispose of them?

Mr. URION. Yes; but I think the price would probably be lower, because the more hides we get from other countries the less the demand and the lower the price.

The CHAIRMAN. You manufacture bristles, do you not; you put them up?

Mr. URION. Only in the rough. We do not sort and pack bristles, for the reason that the marketable bristles are white bristles.

The CHAIRMAN. A man before the committee the other day advocated the reduction of the duty on bristles of the common sort and an increase of duty on the bristles of the finer sort, saying that the duty now—so much a pound—was not a reasonable one. Do we produce any bristles here in competition with the long bristles that come from northern Russia?

Mr. URION. The heavy hogs, I think, produce a stiffer bristle, which comes in a sort of competition, but we do not know much about the bristle trade. We simply take them off the hogs and sell them in the rough. We do not pack and sort and sell them.

The CHAIRMAN. Then you do not know anything about the work?

Mr. URION. No, sir.

The CHAIRMAN. We produce a good enough bristle here to make a paint brush of the fine quality, do we not?

Mr. URION. I am afraid that I do not know.

Mr. CRUMPACKER. Do you slaughter any old hogs?

Mr. URION. When I said "old hogs"—yes; the heavy hogs.

Mr. CRUMPACKER. The bulk of your hogs are less than a year old, are they not?

Mr. URION. As a rule; yes.

Mr. CRUMPACKER. And hogs of that age do not produce the long and strong bristles?

Mr. URION. I think not; but I don't know.

Mr. FORDNEY. I did not hear all of your statement, Mr. Urion, and I want to ask you what an average hide off a steer will weigh—say, the 3-year-old or more. Have you stated that?

Mr. URION. From 60 to 70 pounds.

Mr. FORDNEY. What is it worth in the market generally—that is, in the last ten years?

Mr. URION. A 70-pound hide would be about $7 to $7.50.

Mr. FORDNEY. So, when you are speaking of 90 cents to $1.20, that is the duty on hides?

Mr. GAINES. What is the same hide worth dry?

Mr. URION. It shrinks about 16 per cent.

Mr. GAINES. And its value would be how much more than the green hide?

Mr. URION. I do not know anything about the dry hide. We handle the green hide. I do not profess to know the hide business, excepting as a part of the packing business.

Mr. GAINES. The packers' hides are tanned without having to get dry?

Mr. URION. I do not know the process of tanning.

Mr. GAINES. But do you know whether your hides are kept until they are dry and what their value would then be, just as well as you know their value when green, unless they are not kept until dry?

Mr. URION. That is the case; they are not kept until dry.

Mr. GAINES. I asked you that question.

Mr. URION. I did not understand you.

Mr. GAINES. It was stated before this committee, if I recollect aright, that the price of hides and the price of cattle did not correspond; that is to say, that when cattle were highest, generally hides were lowest, and they stated that before the committee as a fact tending to show that the price of the hide was not taken into consideration in the price given to the farmer for the steer. What have you

to say about the fact as to the hides' failure to correspond with the high prices and as to the inference drawn from that?

Mr. URION. I think I can answer that by saying that during 1907 the price of cattle averaged very high, and I have already said to the committee that the price of the hide got down to 8 cents. That is the opposite to what has been stated to the committee. It is true in a measure that the price of cattle does not follow the price of the hide, or the hide follow the price of the cattle; neither does the sale of fresh beef follow the price of the cattle, excepting in a general way. We buy to-day, and put on the market next week, ten days hence; and weather like this has a great effect upon the beef, and the stuff that is on the market here in Washington to-day was probably bought on the market a week or ten days ago. This is a very sticky day, very little demand for meat, and butchers do not like to handle it. There is less meat sold, it is harder to keep, and the price goes down, because you can not keep fresh beef very long in the coolers. The probabilities are that the beef being sold in Washington to-day is sold for a good deal less than it was figured we would get for the beef at the time we purchased the cattle.

Mr. GAINES. Is there any correspondence between the range of price of beef compared with the range of price of the hide?

Mr. URION. They could hardly be compared, because beef is a perishable product, and hides are not.

Mr. GAINES. Do you mean by that to say that in your opinion no inference is to be drawn, in considering this inquiry, from the failure of correspondence between beef and hides?

Mr. URION. That is what I mean to say.

Mr. GAINES. It has been stated here as one of the principal reasons for the reduction of duty on hides, that the packers are drawn into the tanning business so extensively that the tanners are compelled to buy their raw material from their competitors.

Mr. URION. I read that statement.

Mr. GAINES. That is one of the most serious complaints. What have you to say about that? And, it has also been stated that the process referred to has gone on to such an extent that the tanners are largely working now for the packers, tanning for the packers by contract, because they can not get hides to tan on their own account; and that at the present rate of progress the tanners will practically all be, pretty soon, mere servants of packers, working for them, rather than doing an independent tanning business.

Mr. URION. I read that statement, and it struck me as somewhat inconsistent, the statement being that the packers not only control the cattle market but they also control the tanning business; that we want a tariff—so it is charged—because we control with our left hand the cattle business, and they say that we control the tanning business, and the tanners want free hides. Now, if we are controlling the tanning business, I should think that we would want free hides. It does not make any difference, I say, to Armour & Co., however, whether the duty on hides is retained, whether it is raised, lowered, or wiped out. Now, to get to your question direct. Last year hides could not be sold at even 8 cents. They had to be moved, for every day's kill added more hides, and the packers did not sit back—Armour & Co. did not sit back, Micawber like, and "Wait for something to turn up." They did make some contracts for the tanning of

hides. I think there were three of them, one in New England, one in Delaware, and one in Pennsylvania.

Mr. COCKRAN. Do you say you make contracts to dispose of all your hides to three different persons?

Mr. URION. No, sir; with three different tanners, some of the hides which we had in cellars, and which we could not sell at 8 cents a pound. I believe I saw a statement that the prices had advanced in hides some 40 per cent in the last year. They are taking the low price, 8 or 9 cents a pound, when the tanners could have bought the hides and stored them, and they probably would not have been so high to-day.

Mr. DALZELL. You want us to understand that that was an exceptional condition of things?

Mr. URION. It was exceptional; there was no demand. It is a question of demand. But I had not quite finished. In addition to that, Mr. Armour is a stockholder in a tannery at Sheboygan, Wis. He is also a holder of some of the common stock of the United States Leather Company. I want to be perfectly frank and have the committee understand the matter. It is charged that he dominates the control of the United States Leather Company. Such is not the fact. He is not an officer or director, has no business with them other than being a stockholder, and they being purchasers of hides on the market.

Mr. GAINES. Having told us of his interest in the United States Leather Company, will you tell us how great that interest is?

Mr. URION. I can answer generally by saying that, taken as a whole, his holding of common stock as against the whole is very small, in the minority, and there is no controlling interest, not even a large minority interest.

Mr. GAINES. You have said that Armour & Co. did not care whether the tariff was raised or lowered or taken off.

Mr. URION. I mean by that from their own standpoint—their own standpoint, their selfish standpoint, which seems to be largely a governing——

Mr. GAINES. It would not affect him financially?

Mr. URION. I started to say that I thought it was largely a governing influence in the tariff question. Some people want the duty on one thing, and on the same thing other people do not want the duty, so they are each governed by selfish interests—selfish is not a good word to use, but by self-interest in their own business. Then I say "our" business, it makes no difference whether there is a tariff, the present tariff, a higher tariff, a lower tariff, or no tariff at all.

Mr. GAINES. Why do you reach the conclusion; what is the consideration that, in your opinion, would equalize the situation to you if the tariff were taken off of hides?

Mr. URION. It might reduce the price of cattle just 15 per cent. We would pay for them less 15 per cent if we could buy them at that price.

Mr. CRUMPACKER. Reduce the price of cattle 15 per cent, or 15 per cent on the hides?

Mr. URION. On that part of the cattle which is the hide.

Mr. CRUMPACKER. I wondered if it would reduce the price of the entire cattle 15 per cent. I did not expect that it would be quite that.

Mr. URION. We are talking about hides; not cattle.

The CHAIRMAN. On 7,000,000 cattle that are slaughtered by the packing interests, how many of them produce hides that come in competition with the imported hide?

Mr. URION. It is my information that the South American hides compare very favorably with what are known as "Texans" and "Colorados," that is, grass-fed cattle—and they are cattle that weigh 1,100, 1,200, and 1,300 pounds. My information is that they raise good cattle in South America.

The CHAIRMAN. What proportion of the 7,000,000 product are hides similar to those that are imported?

Mr. URION. I am afraid that I haven't the data to answer that question, Mr. Chairman, but a very large proportion of the cattle coming into the western packing centers come from Texas, New Mexico, Colorado, and the grass States; I should say quite a large proportion of them. How much, I am not able to tell you.

The CHAIRMAN. What do you mean by that—a majority of them, or less than that?

Mr. URION. I should say a majority of them.

The CHAIRMAN. Now, I want to ask you whether the price of hides, since this tariff, has not gone up and down, and to an observing man, has it not been impossible to trace any 15 per cent of increase in the value of the hides?

Mr. URION. I think hides have increased, while there have been fluctuations, of course.

The CHAIRMAN. They have increased 50 per cent; yes.

Mr. URION. I think they have made some increase; likewise the price of cattle has increased considerably.

The CHAIRMAN. Exactly; there has been an increase of 50 per cent in these markets and in the markets of the world. But is it not impossible for any man to trace the effect of this tariff on hides in this country by the markets?

Mr. URION. I do not believe I can answer that question.

The CHAIRMAN. No; I do not believe you can. I do not think you can say it is possible for a man to trace it.

Now, isn't it a fact that, if they have increased the price of hides, the packers being able to store their hides in stock gives them an opportunity of taking advantage of the market, and of a higher market than they would have without the duty, if the duty increases the price?

Mr. URION. That might be so if there was no limit to the amount of hides which the packer might store, but the limit is usually reached in a very short time. I have given the reason for having some of the hides tanned last year. We can only store a few, a comparatively few. hides.

The CHAIRMAN. During that 8-cent period, it was impossible for a farmer or anybody else to get the benefit out of this duty, was it not?

Mr. URION. The price of cattle during that time was fairly high.

The CHAIRMAN. Notwithstanding the lowering of the price of hides?

Mr. URION. Yes, sir; and the chances are that those hides were taken off of high-priced cattle.

The CHAIRMAN. Then the price of cattle was high notwithstanding the low price on hides. The by-product, then, of the hide did not have a great influence on the price of cattle in the market, did it?

Mr. URION. Why, if there was no demand for the by-product, or the by-product was reduced in value, of course it had an influence on the price which we wanted to pay for the cattle.

The CHAIRMAN. Notwithstanding the price of cattle went up and the hide remained low.

Mr. URION. Yes; because the demand was greater for the cattle than the supply.

The CHAIRMAN. Now, if it is true, as you stated a moment ago, that if there was an increase in the value of the hide the packers could take advantage of it at the time the hides were high in the market because of being able to hold their product, and the packers should condescend to take an enlightened self-interest in this country, that interest would be in favor of a duty, would it not?

Mr. URION. No; I do not think so.

The CHAIRMAN. Not even if they could get a little advantage out of it?

Mr. URION. I do not think it gives us any advantage.

The CHAIRMAN. If they can get a higher price, as you said a while ago, by holding their hides until the price should be higher in the market, and the tendency of the tariff was to increase the price and make it higher in the market, it seems to me it would not be a long step to reach the conclusion that the tariff did give them a little higher price on the hides and give them better chances to take advantage of the market. I think you said so.

Mr. URION. If I did, I did not mean to be understood that way.

Mr. FORDNEY. What proportion of the value of the critter is the hide when you purchase live stock?

Mr. URION. About 6 or 7 per cent.

Mr. FORDNEY. Then, I believe you have stated that that portion of the critter does make some difference to the farmer as to what he receives for the critter.

Mr. URION. I think the farmer so considers it; I certainly do.

Mr. FORDNEY. You figure when you buy a critter that there is so much meat there, so much by-product, and you pay so much for the critter in proportion to the market value of those various parts of the critter; is that right?

Mr. URION. I think so.

Mr. FORDNEY. Then the farmer must receive the benefit of the high price of the hide; on the price of the hide on the critter?

Mr. URION. I do not see how he can help it.

Mr. FORDNEY. If it was not worth anything at all, you would not pay as much for the critter?

Mr. URION. No, sir. We buy the animal—hide, hoof, and all. We buy it and get a value out of everything in it. If the value is not there, it makes a difference in the price paid.

Mr. COCKRAN. Do you want this committee to understand that when you purchase a critter that you constitute yourself a kind of tribunal to divide it up, and the benefits of the tariff, among the various elements?

Mr. URION. We do not consider the tariff. We buy the animal, as I stated to the gentleman on the other side, for all there is in it, and make a profit on every part of it if we can.

Mr. COCKRAN. And you buy the main elements that constitute it—that is, the meat, the tallow, and these other things?

Mr. URION. The tallow stands very much as the hide; but, of course, primarily cattle are bought for food.

Mr. COCKRAN. That is all, and that is what determines your going into the market?

Mr. URION. Not entirely.

Mr. COCKRAN. Were you ever induced to buy a single steer by reason of the demand for hides?

Mr. URION. No; I can not say that we were.

Mr. UNDERWOOD. What is the value of the average steer?

Mr. URION. At 8 cents a pound, weighing 1,200 pounds, it would be $96.

Mr. UNDERWOOD. If the price of the hide dropped the entire amount of the duty on hides, it would be a drop of 15 per cent, and the hide, being worth 7 per cent, that would be a total loss on the steer of 1 per cent.

Mr. URION. Those figures are too much for me to follow. I can't carry them in my head. I assume that your figures are correct.

Mr. UNDERWOOD. If these figures are correct, then the total loss on the steer, if this reduction was made on hides, would not exceed 1 per cent.

Mr. URION. Well, that would be 96 cents, would it not? I said that the value of the hide was from 90 cents to $1.20.

Mr. FORDNEY. What is the average value of all the by-products of the critter in proportion to the cost that you pay for the critter? For instance, suppose you paid $100 for the beef critter; how much by-product for the entire critter—the hide, tallow, hoof, and horns, and all the other?

Mr. URION. I can give you the percentage, but I can not give you the value, because that fluctuates.

Mr. FORDNEY. I meant to say the percentage of value.

Mr. URION. I can give you that; 43 per cent as the whole. I thought you wanted the particular percentages.

Mr. FORDNEY. No. Then you certainly do take into consideration the value of the product when you buy the critter, for 43 per cent of it is by-product.

Mr. URION. Could not help it; no.

Mr. LONGWORTH. Is "critter" a technical term used in your business?

Mr. URION. That is the western vernacular.

Mr. FORDNEY. But all critters are not steers.

Mr. CLARK. Are you paying 8 cents for cattle now?

Mr. URION. We are paying 7.65 cents. Sales were made at 7.65 cents on Tuesday.

Mr. CLARK. When did you pay 8 cents?

Mr. URION. We have paid 8 cents for top steers.

Mr. CLARK. When?

Mr. URION. Within—I do not know that I can tell you exactly.

Mr. CLARK. Did you ever pay 8 cents for a steer in your life?

Mr. URION. I should think we had, but I could not tell you offhand.

Mr. CLARK. As a matter of fact, did you do it? What is the use of talking of steers at 8 cents when you never paid 8 cents for a steer?

Mr. URION. I do not know. I can not follow the market, and I do not pretend to. But I know that cattle have been higher than they were on Tuesday.

Mr. CLARK. I wanted to congratulate everybody if they were selling for 8 cents.

Mr. URION. They are not selling for 8 cents at the present time.

Mr. CLARK. I understood you to say that the weight of the hide from cattle taken off by the packers, the big packers—the "big four"—was just about the same as that of the hide taken by the rest of mankind. Do you stick by that statement?

Mr. URION. I think that is a correct statement.

Mr. CLARK. The bigger the animal, the heavier the hide, as a rule; is not that it?

Mr. URION. I should think that was so.

Mr. CLARK. Now, don't you know that you get the very cream of the cattle, the big ones, and that nine-tenths of all of these cattle that are butchered, outside of those killed by the big packers—I am not confining it to the "big four" now—the other fellows use the refuse cattle, the small cattle, the milk cows, the heifers, and small steers, and the chances are that the hides that you take off will run a third heavier than the hides taken off by the small cattle butchers, and by the foreigners themselves when they kill cattle?

Mr. URION. Well, I do not accept the premises. Armour & Co. kill a large number of canners, light cattle. They kill a lot of cows. The percentage of heavy cattle is small compared to the general kill of the canners—the cows, the light-weight animals. As representative of that, the Tuesday market, the sales in Chicago, ran 14 averaging 804 pounds, 16 averaging 735 pounds, 10 averaging 1,010 pounds, 5 averaging 920 pounds, and so on down, and the heavy cattle are in the minority.

Mr. CLARK. The big cattle are in the minority, are they?

Mr. URION. They happened to be on that day.

Mr. CLARK. A canner is not necessarily a small animal?

Mr. URION. It is light in weight, yes, and thin probably.

Mr. CLARK. It is possible, because he is simply lean, but the hide is not lean along with the animal?

Mr. URION. No; I do not think so.

Mr. CLARK. A big canner would have just as good a hide on him as the best steer that we could raise in Missouri, would he not?

Mr. URION. I expect he would.

Mr. CLARK. What does the average big steer in Iowa, Missouri, and Illinois, and that country through there, weigh? They will run above a thousand pounds, will they not?

Mr. URION. Yes; 1,200, 1,300, and sometimes as high as 1,400.

Mr. CLARK. Sometimes as high as 1,800?

Mr. URION. They are pretty heavy.

Mr. CLARK. I know that; it takes a cracking good steer to weigh that, and Missouri, Illinois, and Iowa about exhausts the subject. It is true that these hides taken off by the farmers, and some of the

butchers in places of 2,000 and 3,000 population, as a rule are lighter than the average; you concede that, do you not?

Mr. URION. No; I will not concede that: I do not think it is a fact.

Mr. CLARK. Have you always lived in Chicago?

Mr. URION. No; I was born and raised on a farm, but I never threw a plow very much.

Mr. CLARK. Then, taking your statement that they do not run lighter, although I am reasonably sure that they do——

Mr. URION. I think, Mr. Clark, you will find there are more light cattle killed by the large packers than are killed by anybody else, the reason for that being that the lighter cattle are canners, and the cows are canners, and the canning is done by the large packers and sold very largely in foreign markets.

Mr. CLARK. What do they do with the canners' stuff—make braised beef out of it?

Mr. URION. It is canned in different ways, and sold very largely, as I say, abroad.

Mr. CLARK. Taking into consideration the fact that these hides taken off by the small butchers and the farmers themselves are liable to be cut or damaged in all this stuff and one thing and another, their class of hides does not go into that class that has the tariff on it, does it?

Mr. URION. Certainly.

Mr. CLARK. All the benefit they get out of it, if they get any at all, is a sympathetic rise on account of the rise of the heavy hides by reason of the tariff? They go up a little just because the others go up by reason of that, just as they talk about a sympathetic strike?

Mr. URION. No, sir.

The CHAIRMAN. It is owing to the natural tendency?

Mr. URION. My understanding is that all the hides over 25 pounds in weight carry a tariff, and, as I said a while ago, I never saw a 25-pound cattle hide, and I do not think I ever will.

Mr. CLARK. I do not know whether you will or not.

The CHAIRMAN. You spoke a few minutes ago about the time hides got down to 8 cents a pound and your people went in a limited way into the tanning business. You said the price of beef was high. What was the highest you paid for steers at that time?

Mr. URION. I have not the figures before me. I do not know whether I have the average for that year or not. Perhaps I have. Yes; the average for the year 1907 was $6.50 a hundred.

The CHAIRMAN. You have not any figures any more in detail here?

Mr. URION. No; I have not.

The CHAIRMAN. You can, I suppose, obtain the figures for each month or each week during the period that the price of hides was down to 8 cents?

Mr. URION. I beg your pardon. I have it here, the price of cattle from there down, for the months of 1907. January, $5.80; February, $5.80.

The CHAIRMAN. That means what?

Mr. URION. $5.80 a hundred.

The CHAIRMAN. All right. I did not understand you

Mr. URION. $5.80 for January; $5.80 for February; $5.75, March; $5.85, April; $5.80, May; $6.40, June; $6.70, July; $6.55, August; $6.50, September; $6.30, October; $5.80, November; $5.30, December.

The CHAIRMAN. Now, give us the price of hides during these months.

Mr. COCKRAN. That was last year?

The CHAIRMAN. 1907.

Mr. URION. January, $10.50. I am taking the average, as I understand it, both in the beef and the hides.

The CHAIRMAN. The average hides?

Mr. URION. Yes; I so understand these figures. These are not of my own compilation, but from the compilation of the Drovers' Journal.

The CHAIRMAN. In the Chicago market?

Mr. URION. Yes, sir; in the Chicago market, compiled from the Drovers' Journal, as I understand. They are the averages that are given.

The CHAIRMAN. The average in the Chicago market?

Mr. URION. I assume that is so.

The CHAIRMAN. Very well. Give us the price by months.

Mr. URION. January, $10.50; $10.50, February; $10.50, March; $10.25, April; $10.30, May; $10.25, June; $10.25, July; $10.05, August; $9.56, September; $9.85, October; $9.50, November; $8.50, December.

The CHAIRMAN. In December they got down to $8.50?

Mr. URION. Yes, sir.

The CHAIRMAN. Did that continue into the new year, 1908?

Mr. URION. I think it did, although I haven't it in this compilation. This is simply for 1907.

The CHAIRMAN. Can you give me a copy of that compilation?

Mr. URION. Yes, sir.

Mr. CRUMPACKER. Mr. Chairman, I think the witness has the average price of country hides in that same book. I think he gives the average price of country hides, too.

Mr. URION. I think I have them in here.

Mr. CLARK. When you make up the brief I wish you would put the tables in. You are going to file a brief, are you not?

Mr. URION. No; I do not think so. When the committee gets through with me there will be nothing left to write about.

Mr. CLARK. I wish you would put both tables in—the same thing that Mr. Crumpacker is asking for—in your evidence.

Mr. URION. There are a good many terms here in country hides——

Mr. GAINES. I understand he will file a good deal of additional information that the committee desires.

Mr. URION. I think when you get through with me I will not have any information left to give. [Laughter.]

The CHAIRMAN. I trust that will be so.

Mr. CRUMPACKER. Let him give the tables of the country hides.

Mr. URION. There are terms here that I do not know. There are kips and calfskins and bulls, No. 2 buffs, extremes, and No. 2 buffs and heavies. I do not know what those terms are, and I do not know the comparison.

Mr. CRUMPACKER. There is no column of averages there?

Mr. URION. No.

Mr. LONGWORTH. No monthly quotations?

Mr. URION. Yes; but they are the particular things I have just read.

Mr. LONGWORTH. Just read them and see if they average.

Mr. URION. They do not compare at all.

Mr. LONGWORTH. Take the heavies, for example.

The CHAIRMAN. Mr. Urion, will you leave that book with the committee?

Mr. URION. Yes; but I would like to make an extract from it first.

Mr. CLARK. Mr. Urion, do you live in Chicago?

Mr. URION. Yes, sir.

Mr. CLARK. I want everything we can to move West, in the way of factories, and I have endeavored a good deal, first and last, to find out why the tanning is not done in Chicago, Kansas City, Omaha, and St. Louis and those places where the hides are taken off the cattle. I understand that three-fourths of all the hides taken off in the United States are taken off west of Indianapolis.

Mr. URION. Yes; by the large packers.

Mr. CLARK. Yes; by the packers and by everybody else.

Mr. URION. Perhaps not so large a proportion as that.

Mr. CLARK. How does it happen that while we take off all the hides there, or three-fourths of them at least, these big tanneries are nearly all established in the East?

Mr. GAINES. It is a question of intelligence, sir. [Laughter.]

Mr. CLARK. No; I do not think so.

Mr. URION. I do not know anything about that.

The CHAIRMAN. Were they not established when the tanner took the tan bark to use in his tannery, and the tan bark was found or produced in the East, and the hides were largely in the East then, and the East in that way got possession of the business?

Mr. URION. You have answered the question better than I could, Mr. Chairman. I intended to say that the tanneries were established long before the large packers, and the tanneries were established in the East.

Mr. CLARK. They do establish new tanneries in the East still, and it seems to me as a matter of common sense that they should establish them out there. The boot and shoe industry has all moved West.

The CHAIRMAN. The boot and shoe industry has all moved West, do you say?

Mr. CLARK. Yes; just as the cotton industry is headed for the South.

Mr. FORDNEY. You are hardly getting the increase. Is it not true that the hides can more readily be moved to the East, to where the tan bark is, more easily than the tan bark could be moved from Pennsylvania, for example, to the West?

Mr. URION. That is a question on which I have no knowledge.

Mr. FORDNEY. Undoubtedly it is too expensive to ship the bark. It is too expensive on account of the high freight rates.

Mr. URION. I have no guess on that.

The CHAIRMAN. That is all, Mr. Urion, I believe. Please leave that table with the clerk.

Mr. URION. I want to make some extracts from this for my own use, and then I will leave it with him before I go away from town.

The CHAIRMAN. That is all right, Mr. Urion.

Now, Judge Gary.

STATEMENT OF ELBERT H. GARY, ESQ., OF NEW YORK, REPRESENTING THE UNITED STATES STEEL CORPORATION.

(The witness was duly sworn by the chairman.)

Mr. GARY. Mr. Chairman, I brought some figures with me, thinking that possibly we might be called upon.

The CHAIRMAN. Judge, you are president of the United States Steel Corporation?

Mr. GARY. Yes, sir; and the chairman of the board of directors, and the chairman of the finance committee, of the United States Steel Corporation.

The CHAIRMAN. And have been for how long?

Mr. GARY. I have been chairman of the board of directors for about five years, and chairman of the finance committee about two years; and before that I was chairman of the executive committee, which at that time was pretty nearly the same, since the organization of the corporation.

The CHAIRMAN. You have been connected actively with the management and operation of the corporation since its organization?

Mr. GARY. Yes, sir.

The CHAIRMAN. If you would prefer, Judge, to go on and make a statement, you can do so, and then answer questions afterward. You will, of course, have opportunity to do that.

Mr. GARY. No; I prefer to answer questions. The United States Steel Corporation is the owner of the shares of stock of various manufacturing corporations, and those corporations manufacture iron and a great many different lines of steel; also mine ore, mine coal, manufacture coke; and also these corporations own the shares of various transportation companies, including several railroads and a steamship line on the Lakes.

The CHAIRMAN. Now, won't you state the principal lines of manufactures in iron and steel which your company is engaged in?

Mr. GARY. Our corporations manufacture ten or eleven million tons of pig iron per annum; about twelve or thirteen million tons of finished steel—not quite so much as that of finished steel, but about ten or eleven million tons of finished steel at the present time; a larger tonnage of semifinished steel, including rails, structural steel, wire and steel-wire products.

The CHAIRMAN. Wire nails?

Mr. GARY. Wire nails.

The CHAIRMAN. Wire fence?

Mr. GARY. Wire fence, woven wire fence; a great many different kinds of wire, as small as piano wire, and so forth; tubes, tin plates——

The CHAIRMAN. If you have a paper there, you can refresh your recollection by referring to it.

Mr. GARY. The finished products include steel rails, blooms, billets, slabs, sheet and tin plate, bars and plates, heavy structural shapes, merchant steel, skelp, hoops, bands and cotton ties, tubing and pipe, rods, wire and products of wire, sheets, block and galvanized steel plates, spikes, bolts, nuts and rivets, axles, car wheels, and sundry and various other items that would be connected with or kindred to these various things; spelter, sulphite of iron, cement.

The CHAIRMAN. Cement, you say?

Mr. GARY. Yes. We have a very large cement business.

The CHAIRMAN. Now, commencing back with ore, you control extensive fields of iron mines?

Mr. GARY. Yes; we do.

The CHAIRMAN. Where are they situated?

Mr. GARY. In the Lake Superior region, the Menominee, Gogebic, Marquette, and Tennessee and Alabama fields.

Mr. COCKRAN. Did you say Mesaba?

Mr. GARY. Mesaba is in the Lake Superior region. The Lake Superior fields are divided between the Vermillion and Mesaba ranges.

The CHAIRMAN. Will you give us the cost of mining ore in the Lake Superior region?

Mr. GARY. Yes; I can give that accurately. Seventy-three cents is the average mining cost.

The CHAIRMAN. Per ton?

Mr. GARY. Yes; per ton.

The CHAIRMAN. That does not include any royalty?

Mr. GARY. No; nor depreciation. One dollar and forty-three cents includes the mining expense, the depreciation, and the royalty.

Mr. UNDERWOOD. Will you state, Judge, right there, what you mean by "depreciation," so that the committee can understand?

The CHAIRMAN. That is just what I was going to ask him.

Mr. GARY. A sufficient sum to keep the properties in condition and to take care of the exhaustion. We calculate it at 40 cents.

The CHAIRMAN. Is that, Judge, calculated on the basis of acquiring additional mines to take the place of the exhausted mines?

Mr. GARY. Yes; it is.

The CHAIRMAN. Calculated how—on the basis of new mines?

Mr. GARY. No, sir; it is not. Mines could not be purchased. Yes; if they were for sale, if they could be purchased.

The CHAIRMAN. You have recently acquired mines, according to public rumor, from the Northern Pacific. Is that correct?

Mr. GARY. Yes; we buy good iron-ore properties whenever we have opportunity.

The CHAIRMAN. Is that true as to the Northern Pacific?

Mr. GARY. Yes; it is true. The Great Northern you refer to particularly?

The CHAIRMAN. Yes. Judge, the $1.43 included the cost of mining, as I understood, and the replacing of exhausted mines of ore by the acquirement of new mines. Did it include anything else?

Mr. GARY. The royalties which we pay.

The CHAIRMAN. You do pay a royalty, then?

Mr. GARY. Yes.

The CHAIRMAN. Anything else?

Mr. GARY. Of course that 40 cents would not take care of the fund for replacing the property, if we would have to do it, on the basis of what we would have to pay at the present time. For instance, in our Great Northern deal, we pay them on the basis of 85 cents a ton for iron ore running as high in iron as fifty-nine. Our iron ores are, many of them, very much higher than that. Now, if properties such as we own up there could be had, if they were on the market for sale, situated as they are, accessible, and as easy of mining, and with as good analysis, we would have to pay very much

higher than that, and the 40 cents, of course, would not take care of that; but we allow 40 cents for depreciation on the basis—it is more or less an arbitrary basis—on the basis of what those properties originally cost, and so forth.

The CHAIRMAN. On the basis of the exhaustion of the ore?

Mr. GARY. Yes.

The CHAIRMAN. Now, take the next item, transportation.

Mr. GARY. Yes. Well, the transportation by rail and lake, $1.45; 73 cents for rail transportation and 72 cents for the lake.

The CHAIRMAN. Is that taking it to the Pittsburg district?

Mr. GARY. No, sir; to the lower lake ports.

The CHAIRMAN. What is your principal lower lake port?

Mr. GARY. Chicago is one, of course; Cleveland, Lorain, Ashtabula, Conneaut, and Fairport.

The CHAIRMAN. In Chicago it goes to the Illinois Steel Works, one of your corporations?

Mr. GARY. Yes.

The CHAIRMAN. And from the Lake Erie ports—one or more of them—from there it is transported to Pittsburg over your own railroad?

Mr. GARY. Part of it.

The CHAIRMAN. What is it from Chicago to the steel works in Illinois? What is the freight cost of transportation?

Mr. GARY. From the docks at Chicago?

The CHAIRMAN. Yes.

Mr. GARY. Of course we take the ore at Chicago right into our furnaces and mills. There is no rail transportation at Chicago.

The CHAIRMAN. You land at your furnace there?

Mr. GARY. Yes; land at the furnace.

The CHAIRMAN. Now, Judge; what does it cost to produce a ton of ore in the Tennessee region?

Mr. GARY. You mean what is the cost of assembling the ore at the furnace?

The CHAIRMAN. Producing it there at the mine—the royalty on the value of the ore, the royalty on the ore and the cost of working the mines? What is that?

Mr. GARY. I have not those figures, Mr. Chairman. The cost of pig iron at Birmingham is not far from the cost of pig iron at South Chicago. It is very little different.

The CHAIRMAN. How close to it is it?

Mr. GARY. I am not certain which is lower, but the cost at Chicago, the manufacturer's cost, is probably $14.75 to $15. That is the manufacturer's cost. Of course that does not give credit for any profit to the United States Steel Corporation which it derives by reason of its investment in mines or railroads or ships.

Mr. COCKRAN. $14.50, did you say?

Mr. GARY. $14.75 to $15, manufacturer's cost.

Mr. CLARK. $14.75.

The CHAIRMAN. Can the Bethlehem Steel Company produce it cheaper than you can?

Mr. GARY. I do not think it can.

The CHAIRMAN. We have a statement from them at $14.

Mr. GARY. I think that is pretty low, allowing for depreciation.

The CHAIRMAN. Does it cost more to-day than it did on the average in 1906?

Mr. GAINES. Do you mean 1906 or 1896?

The CHAIRMAN. I mean 1906.

Mr. COCKRAN. Two years ago.

Mr. GARY. A little more.

The CHAIRMAN. How much more?

Mr. GARY. Fifteen cents, maybe. Wages have been increased a little.

The CHAIRMAN. Fifteen cents?

Mr. GARY. Yes, sir.

The CHAIRMAN. Then it cost $14.60 in 1906. What in 1905?

Mr. GARY. I can not answer that. It is not much different from 1906.

The CHAIRMAN. Would you be surprised to know that the cost in the United States from 1902 to 1906, both inclusive, averaged $14.01 on over 90 per cent of the entire production of pig iron?

Mr. GARY. That depends a little on the basis of cost or the way of getting at it.

Mr. COCKRAN. You mean the basis of computation?

Mr. GARY. Yes, sir; the basis of computation.

The CHAIRMAN. Let us see what you take into consideration as the basis of cost.

Mr. DALZELL. As to this $14.75 that you gave us, Judge, do you count in that depreciation?

Mr. GARY. Yes, sir; I count depreciation.

The CHAIRMAN. I understood he did not.

Mr. GARY. You misunderstood me.

Mr. DALZELL. The figures that Mr. Schwab gave us did not take that into account.

Mr. GARY. This includes administration charges and overhead cost and all those things. I do not think Mr. Schwab's figures took those into account, Mr. Chairman.

Mr. DALZELL. They did not.

Mr. CLARK. It took in everything except the overhead charges——

Mr. GARY. And the depreciation.

Mr. GAINES. He took in the administration charges at the mills, but not the corporate costs.

Mr. BONYNGE. He gave the mill charges, as I understand.

The CHAIRMAN. How much do you allow in your estimate? What are the figures there?

Mr. GARY. Forty cents a ton on the blast furnace.

Mr. CLARK. Judge, do you mean that the blast furnace depreciates 40 cents for every ton of iron that is made?

Mr. GARY. I think that is very moderate, Mr. Clark.

Mr. CLARK. I just wanted to understand. That is all.

Mr. GARY. Furnaces wear out very fast.

Mr. CLARK. How long does one of those things last?

Mr. GARY. I can not answer that definitely.

Mr. CLARK. Never mind, then. Go on.

Mr. GARY. Our depreciation charges and everything are regularly and carefully made, and intended only to be the actual depreciation. Of course we do intend to keep up. We do intend to make it large enough to keep up the properties, but not for the sake of burying any

money that is received. And I may add there, Mr. Chairman, that as a rule, in my judgment, the manufacturers of this country have not taken enough depreciation charges to keep up their properties.

The CHAIRMAN. Now, I wish you would give me, if you have them figured out there, the elements of cost to make pig iron at $14.75 a ton. What do you charge, Judge, for the metallic mixture, the iron basis per ton of pig iron?

Mr. GARY. The iron ore, $4.70 for the ore delivered at the furnace; $8.62 in the iron. Cinder and scale——

Mr. COCKRAN. Will you go a little more slowly, may I ask?

Mr. GARY. Yes.

Mr. COCKRAN. You say the iron ore is $4.70 delivered at the furnace?

Mr. GARY. Yes, sir; per ton of ore.

Mr. COCKRAN. What is the next item?

Mr. GARY. That would be $8.62 in the iron.

The CHAIRMAN. Now I will ask you about coke.

Mr. GARY. I will give you all the items; the coke next, if you wish. Coke, $3.93 per ton of coke at the furnace, which would be $4.15 in the iron.

The CHAIRMAN. Now limestone.

Mr. GARY. Limestone, $1.06 per ton. That is 49 cents in the iron, 49 cents per ton of iron. Scrap, 16 cents per ton in the iron. Cinder and scale, 11 cents.

Mr. COCKRAN. Cinder?

Mr. GARY. Cinder and scale, 11 cents per ton of iron. The cost of labor, material, and expense in operating, $1.37 per ton of iron.

Mr. COCKRAN. $1.07?

Mr. GARY. One dollar and thirty-seven cents, and the depreciation, 40 cents. That makes a total of $15.30. That is the average of all our furnaces. Of course it is less than that at some points. It is less at South Chicago and higher in other places.

Mr. COCKRAN. That makes $15 and what?

Mr. GARY. Fifteen dollars and thirty cents, Mr. Cockran.

The CHAIRMAN. Now, Judge, was $7.30 per ton of pig iron a fair average price from 1902 to 1906, both inclusive, for the iron ore going into the pig iron?

Mr. GARY. What year?

The CHAIRMAN. From 1902 to 1906.

Mr. GARY. Seven dollars and thirty cents. It was lower then. The ore was a little lower at that time. You understand, Mr. Chairman, that the ores on the average are becoming a little less in quality, a little poorer in quality, a little less iron per ton of ore; and as the quantity of iron in the ore decreases, the cost of the iron in the furnace, of course, increases, because it costs just as much to handle a ton of ore with 40 per cent iron as a ton of ore with 60 per cent iron. And the same is true in the transportation; and then, when you get to the furnace, the cost of smelting is increased. It costs more to extract the iron per ton of ore.

The CHAIRMAN. What has that loss been since 1906?

Mr. GARY. It might account for that difference.

The CHAIRMAN. What has it been since 1906?

Mr. GARY. I can not answer that, Mr. Chairman.

The CHAIRMAN. You can not state that?

Mr. GARY. No, sir; I can not state that.

The CHAIRMAN. Has the cost of iron ore increased since 1906?

Mr. GARY. Yes, sir; I think it has.

Mr. DALZELL. Have you got there the percentage of iron in the ore that went to make pig iron at $15.30 a ton?

Mr. GARY. No, sir; I have not got that.

Mr. UNDERWOOD. He figures a ton of ore at $8.70.

Mr. GARY. Now, what year did you desire?

The CHAIRMAN. 1906 and 1908.

Mr. GARY. In 1906 and 1908 the prices were the same. The price was higher in 1907.

The CHAIRMAN. Now, Judge, are you able to say what the percentage of iron in the ore was in 1906 and again in 1908, on the average?

Mr. GARY. No; I can not. I certainly can not give it on the average. I might possibly give it with reference to some one ore.

The CHAIRMAN. Give what you can. I do not insist on a categorical answer. I only ask for information. I only want information.

Mr. COCKRAN. Is there any difference in the relative richness of the ores?

Mr. GARY. Yes; there is. The ores are decreasing in richness.

Mr. COCKRAN. Can you tell in what proportion?

Mr. GARY. Take what we call our Hull-Rust district. In 1906 the Pillsbury mine produced ore containing 64.33 per cent in iron.

Mr. COCKRAN. In 1906?

Mr. GARY. In 1906. In 1907 the same mine produced ore containing 63.63 per cent in iron.

The CHAIRMAN. Now, the Superior district.

Mr. GARY. The Aragon mine, in the Menominee Range, the Grenada mine, in 1906, produced ore containing 59.16 per cent of iron, and in 1907, 58.82 per cent in iron.

The CHAIRMAN. That was the average for that mine?

Mr. GARY. For that mine; yes.

The CHAIRMAN. Have you the figures there for 1902?

Mr. GARY. No, sir; we have not. We have not back of 1906.

The CHAIRMAN. Have you the figures for the price of pig iron—the cost of pig iron in 1902 per ton?

Mr. GARY. No, sir; we have not.

The CHAIRMAN. You do not go back so far as that?

Mr. GARY. Of course I have it in the office at home, but not here.

The CHAIRMAN. I mean here. I asked with reference to what you had here.

Now the item of coke; has that increased in price since 1906 as compared with 1908?

Mr. GARY. It has increased somewhat.

The CHAIRMAN. How much?

Mr. GARY. That I can not answer. The cost at the oven last year was $1.75 a net ton. We have slightly increased the wages there. In fact, we have slightly increased all our wages since we were organized.

The CHAIRMAN. You gave the cost of that as how much—the cost of coke?

Mr. GARY. At $4.15 per ton of iron.

The CHAIRMAN. Had it increased as much as to justify the statement of an increase of 46 cents in the cost of the coke that goes to make that ton of pig iron?

Mr. GARY. More than that, I would think.

The CHAIRMAN. But you have not the figures there?

Mr. GARY. No, sir.

The CHAIRMAN. Now, you did not give the limestone as a separate item, did you?

Mr. GARY. Yes; at 49 cents per ton of iron.

Mr. COCKRAN. Judge, you say now the cost of coke is $1.75 a ton?

Mr. GARY. The cost of the coke at the ovens was $1.75, but the figure I gave you before was the cost of coke per ton of iron in the iron. The coke cost to produce it at the coke oven in the coal fields was $1.75.

Mr. COCKRAN. Yes.

Mr. GARY. Now, that same coke, with the transportation added, brought to our furnace and put in the iron, cost per ton of iron $4.15.

Mr. COCKRAN. How many tons of coke to the ton of iron?

Mr. GARY. The cost of coke would be $3.93 and in the iron $4.15. It would be about 1¼ tons of coke for 1 ton of iron.

The CHAIRMAN. I have a statement here showing that when coke costs $3.37 a ton the amount or value of coke in a ton of pig iron was $3.89.

Mr. GARY. $3.37 and $3.89?

The CHAIRMAN. $3.37 in a ton of coke, and $3.89 for the price of coke that went to make up the pig iron.

Mr. GARY. That is about it. Ours is exact.

The CHAIRMAN. Now the limestone. By the way, do you give credit for the by-products in the production of a ton of coke when you say the cost is so much?

Mr. GARY. Of course we would to the extent that we make it. We do; but we have not very many by-product coke ovens.

The CHAIRMAN. You have not got to that point of competition where you have to take care of little things like a by-product?

Mr. GARY. We are putting them in now.

The CHAIRMAN. How much do you estimate you would save by saving the by-products?

Mr. GARY. That is more or less problematical. There will be some saving, a little saving, enough to justify us in putting them in, although we have had very grave doubts about it and have delayed putting them in for that reason.

The CHAIRMAN. Other companies have put them in in the making of coke.

Mr. GARY. There have been different reasons. For instance, the Cambria put them in some years ago. They had their coal rather of poor quality, a poor quality of coal, and it needed a different character of oven to utilize that coal. They were obliged to do it. In foreign countries, perhaps, in some places the by-product ovens were put in because of the peculiarity of the coal. But with our coking coal, which, I suppose, is recognized as the best, the Connellsville coal, the by-products would not probably be of utility or benefit.

The CHAIRMAN. But it has been so successful that you are changing over some of your works and putting in your ovens so as to save the by-products?

Mr. Gary. There are two reasons for that. Connellsville coke is getting more or less scarce, and we will use in the by-product ovens a mixture of Pocahontas coal and the Pennsylvania coal outside of that of the Connellsville district; but if we had enough Connellsville coal I doubt if we would put in the by-product ovens.

The Chairman. You will make a saving by that?

Mr. Gary. There will be some saving.

Mr. Gaines. It is not proposed to do away with the regular coke ovens?

Mr. Gary. No, sir.

The Chairman. You will have to put in new coke ovens?

Mr. Gary. Yes.

The Chairman. You are throwing away the old and putting in new?

Mr. Gary. No; this is not for the old. We are putting in new ovens at Gary, Ind. We shall use a mixture of the Pocahontas and Pennsylvania coal outside of the Connellsville district and get the coke, which will be a little cheaper than the Connellsville coke, saving the by-products.

Mr. Cockran. These ovens would be available even if the by-products would be profitless? They would be available for both purposes?

Mr. Gary. Yes, sir.

The Chairman. Now, we will get on to limestone. How much did you estimate for the limestone?

Mr. Gary. Forty-nine cents per ton.

The Chairman. Does that cost any more than it did in 1906?

Mr. Gary. Not much more; possibly a little more, but not any appreciable amount, I would say; not very much more; very little, if any. I will put it that way.

The Chairman. What makes it cost more?

Mr. Gary. Labor costs generally a little bit higher.

The Chairman. Then material and maintenance, what do you estimate for that—materials and repairs in maintenance? Did you estimate that separately?

Mr. Gary. No, sir. The cost of material and epense in operating in all is $1.37.

The Chairman. Does that include steam and power?

Mr. Gary. Yes.

The Chairman. What else do you put in besides depreciation? That is 40 cents, separately?

Mr. Gary. Depreciation is 40 cents; yes.

The Chairman. Did you put in any other items in your statement?

Mr. Gary. Forty cents is not included in the last item of $1.47.

The Chairman. You stated that was what it was.

Mr. Gary. I may be mixed.

The Chairman. You stated it was 39 cents in 1906. That is a pretty close figure. That is the reason I asked that question; so that you make the total cost of pig iron $15.30 to-day, produced in your works?

Mr. Gary. Yes; on the average.

The Chairman. On the average of all your works?

Mr. Gary. All our furnaces; yes, sir.

The CHAIRMAN. State whether you can produce it cheaper than your rivals in business?

Mr. GARY. Yes; I think we can. We certainly can at a large number of our furnaces. I think there is no doubt that we can produce iron and steel materially cheaper than most of our competitors.

The CHAIRMAN. "Materially?" How much? Take pig iron, for instance.

Mr. GARY. On the same basis of calculation—that is, on the basis of their having due regard for depreciation, and so forth, as we do——

The CHAIRMAN. Forty cents depreciation?

Mr. GARY. I think on the average. Of course anyone hesitates to speak about a competitor; but I would not hesitate to say, in my opinion, at least $1 a ton.

The CHAIRMAN. Cheaper than your competitors?

Mr. GARY. Yes, sir.

Mr. BONYNGE. On what items do you make the difference? Is it in the cost of iron ore, or coke, or what, that makes the difference between you and your competitor? The labor is the same, I suppose?

Mr. GARY. Yes.

Mr. BONYNGE. What items make that difference?

Mr. GARY. In methods, in equipment; the character of our equipment, largely, I would say.

Mr. BONYNGE. Do you get your iron ore cheaper than they do, owning the iron fields, as you do?

Mr. GARY. My figures are based on the price they would have to pay for iron ore at the lower lakes, at the furnace.

The CHAIRMAN. How much of that dollar did you allow for the difference in iron ore, the cost of it?

Mr. GARY. I did not itemize it, but not any.

The CHAIRMAN. Not any?

Mr. GARY. No, sir.

The CHAIRMAN. How about coke? Is there any difference in the cost of coke between you and your rival companies?

Mr. GARY. I think there is.

The CHAIRMAN. How much difference is there in the coke to make a ton of iron?

Mr. GARY. I can not answer that.

The CHAIRMAN. When you say you think it is as much as a dollar, you believe it is more than that?

Mr. GARY. I do, Mr. Chairman.

Mr. COCKRAN. How much do you really believe it is? That is not binding. Let us get your best opinion.

Mr. GARY. Of course, you see, Mr. Cockran, that would put me in the position, to some extent at least, of guessing. The figures I have given you are intended to be exact, and it seems to me our competitors ought to give their figures exact.

Mr. COCKRAN. We try to get them. When you say a dollar, it is a guess. The other might be a little better guess. We understand it to be a guess.

Mr. GARY. If you carried that to a logical sequence I might do our competitors an injustice.

Mr. COCKRAN. We understand you are only guessing.

The CHAIRMAN. Give us your best judgment, Judge. You say not less than a dollar?

Mr. GARY. I would rather not guess any further than that.

The CHAIRMAN. Would it be safe to say $2?

Mr. GARY. Not on the basis of manufacturing cost, I think. Of course, I am not speaking from the standpoint of the corporation, Mr. Chairman—from the standpoint of the corporation, which has a decided advantage in the quantity and quality of its ores and in owning its transportation companies to carry the ores to the Lakes, and its transportation facilities on the Lakes, and all that sort of thing. The advantage to the corporation is very much more, very much more than that.

The CHAIRMAN. Very much more than a dollar?

Mr. GARY. Oh, yes; very much more.

The CHAIRMAN. Is the entire difference more than $2?

Mr. GARY. Take an item of rails, for instance——

The CHAIRMAN. No; let us keep to pig iron.

Mr. GARY. All right. I think it is possibly more than $2, Mr. Chairman.

The CHAIRMAN. You think it is more than $2?

Mr. GARY. Yes; I think it is. I think there is no doubt it is more than that.

The CHAIRMAN. You think there is no doubt it is more than $2?

Mr. GARY. Yes.

The CHAIRMAN. That answers that question. Can you give me the cost of producing pig iron by your corporation in 1906?

Mr. GAINES. Before you go to that, you gave the cost of coke as $1.05.

Mr. GARY. That is at the coke ovens.

Mr. GAINES. That is the cost of producing coke to you. That is not the cost to your competitor?

Mr. GARY. There are times when he pays very much more than that.

Mr. GAINES. Sometimes it seemed to me your statements were dealing with what your competitor would have to pay for the article, and sometimes it seemed you were giving what the article that entered into a ton of pig iron costs you to produce, not what it would cost to purchase in the open market. As to the coke that entered into the pig iron, you seemed to be giving not the cost to anyone in the open market, but at the actual cost to you at the mines at Gary and in my State. Was there that confusion in the figures?

Mr. GARY. I understand your question very well. The difference is, perhaps, because of the fact that we have no transportation companies from our coke works to our furnaces. Therefore the cost of the coke in the iron would be the same to our competitor that it would be to ourselves, except the difference in the cost of coke to us, who produce it, and to our competitors, who have to buy it.

Mr. GAINES. Exactly.

Mr. GARY. That would be included in my conservative guess of $1.

The CHAIRMAN. Gentlemen, we will have to suspend here and take a recess until 2 o'clock; and, Judge Gary, I shall ask you, immediately after the recess, the cost of pig iron each year from 1902 to 1906, inclusive.

Mr. GARY. I am afraid I have not those figures here, Mr. Chairman; but if I have, I will submit them.

Mr. DALZELL. If you have not got them here you can furnish them later?

Mr. GARY. Oh, yes; certainly. I will furnish you with any figures that you ask for.

The CHAIRMAN. We will now take a recess until 2 o'clock.

(Thereupon, at 11.45 o'clock a. m., a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

TESTIMONY OF E. H. GARY—Resumed.

The CHAIRMAN. Judge Gary, did you ascertain those prices—the cost of pig iron for the years I mentioned before the recess?

Mr. GARY. No, Mr. Chairman, I have not those figures here. However, we have had occasion to make up those figures and we have them in the office, and I will be very glad to supply the committee with the figures.

The CHAIRMAN. I would be very glad to have you file them; and also, in that connection, a statement of the cost of steel rails and the cost of iron ore.

Mr. GARY. What is meant by the cost of iron ore?

The CHAIRMAN. The same cost you have given to-day; the cost of labor at the mines and the same items you have given to-day on that cost.

Mr. GARY. Yes.

The CHAIRMAN. Pig iron, rails, and structural steel.

Mr. GARY. Yes.

The CHAIRMAN. Now, you do not import any iron ore, I suppose?

Mr. GARY. No.

The CHAIRMAN. There is some imported from Cuba and Spain, I believe?

Mr. GARY. Yes.

The CHAIRMAN. Do you know what the import price is on the Cuban ore, laid down in New York?

Mr. GARY. No; I do not.

The CHAIRMAN. You have no idea what it is?

Mr. GARY. No.

The CHAIRMAN. Are you at all acquainted with the quality of that ore—ore from Spain?

Mr. GARY. The Spanish ores are very good.

The CHAIRMAN. Is it of a character similar to the Superior ores, or similar to the ores you get in the East that are mixed with the Superior ores?

Mr. GARY. Similar to our old-range ores, as we call them, coming from the Marquette, Vermilion, and Winomina ranges; not so much like Mesabi.

The CHAIRMAN. It is not a Bessemer ore, is it?

Mr. GARY. Yes.

The CHAIRMAN. It is a Bessemer ore?

Mr. GARY. Yes.

The CHAIRMAN. How about the ore from Spain?

Mr. GARY. I was referring to the ore from Spain. That was your question, I think. The ore from Cuba I do not know so much about. I think, though, there is a good deal of Bessemer ore that comes from Cuba.

The CHAIRMAN. Do you know anything about the extent of the deposits of ore in Cuba?

Mr. GARY. No; I do not think those are ascertained definitely. I think the ores which have been mined have come from the southern coast, in the vicinity of Santiago; but they have lately discovered a large body of ore on the northern coast.

The CHAIRMAN. Does your corporation buy any pig iron?

Mr. GARY. Yes; we do buy pig iron.

The CHAIRMAN. I supposed you did.

Mr. GARY. Yes; we do.

The CHAIRMAN. What is the price at which they are producing it at the present time?

Mr. GARY. We are not buying any at the present time.

The CHAIRMAN. When did you last buy any?

Mr. GARY. In any quantities, a year and three months, I think.

The CHAIRMAN. At what price?

Mr. GARY. Well, at about $18.75, I think.

The CHAIRMAN. Where was that delivered?

Mr. GARY. It was delivered at Pittsburg.

The CHAIRMAN. From whom did you buy it?

Mr. GARY. Largely from the Mahoning Valley furnaces.

The CHAIRMAN. From what point did they ship it? I do not know where they are located. At Youngstown, are they?

Mr. GARY. I can not give you the name of the place, but it came from the Mahoning and Shenango valleys.

The CHAIRMAN. An Ohio concern?

Mr. GARY. Yes, sir.

The CHAIRMAN. Do you know the amount of freight from the point at which it was shipped?

Mr. DALZELL. That would include Sharon, would it not?

Mr. GARY. Yes; it would include Sharon. Eighteen dollars and seventy-five cents would be the delivered price.

The CHAIRMAN. Delivered to you?

Mr. GARY. Yes.

The CHAIRMAN. You do not know the amount of freight they paid?

Mr. GARY. No, sir.

The CHAIRMAN. Mr. Underwood desires to ask you some questions in regard to pig iron before we pass to some other subject.

Mr. UNDERWOOD. Yes; I would like to ask Judge Gary a few questions about pig iron, because they come in at this time. Judge, this morning in making your estimate of the cost of pig iron at $15.30, you made the cost at Chicago of the ore in a ton of pig iron $8.62, whereas in giving the items of cost you said that the cost of mining the Lake Superior ore was 73 cents and that the royalties and other charges made the ore cost $1.43, total cost at the mine; that the transportation to the lake was 73 cents, and by water on the lake 72 cents, making the total cost of transportation $1.45, making a total cost of $3.61 a ton. Now, estimating at the same average that gave the total cost of a ton of ore at Chicago, at your works, at $3.61, whereas you

make your estimate in estimating the cost of ore, $4.70 a ton. I wish you would explain to the committee wherein the difference comes.

Mr. GARY. The difference comes in the last figures which you gave. Omit any profit to the ore-mining companies and the difference is made up in that way. You have a total of what?

Mr. UNDERWOOD. I have $3.61.

Mr. GARY. It should be $4.70.

Mr. UNDERWOOD. The other was $4.70?

Mr. GARY. Yes, sir.

Mr. UNDERWOOD. The difference between $4.70 and $3.61 is profit?

Mr. GARY. Yes, sir; profit to the mining company.

Mr. UNDERWOOD. That would make a total difference in the cost of ore in a ton of pig iron $6.58?

Mr. GARY. Yes; about $2 difference.

Mr. UNDERWOOD. Now, on the coke. In estimating the cost of coke this morning at $3.93, was that estimate made of the cost of coke at Chicago?

Mr. GARY. No; that is the average of all the coke delivered at all our furnaces in all the districts.

Mr. UNDERWOOD. That is the average cost of the production of coke at all the furnaces of the United States Steel Company?

Mr. GARY. Yes.

Mr. UNDERWOOD. Does that include the profit to the mining company?

Mr. GARY. Yes; 54 cents.

Mr. UNDERWOOD. The profit on that is 54 cents?

Mr. GARY. Yes; per ton.

Mr. UNDERWOOD. Fifty-four cents per ton?

Mr. GARY. Per gross ton.

Mr. GAINES. Per ton of which—coke?

Mr. GARY. Coke.

Mr. UNDERWOOD. Then you figure that the cost of coke to a ton of pig iron is $4.15. Will you eliminate the profit from that item, please, and give us what it would be without the profit—the actual cost?

Mr. GARY. Of the coke?

Mr. UNDERWOOD. Yes; at the furnace. It would be a little over 54 cents?

Mr. GARY. It would be about 60 cents less per ton; not quite. It would be $4.15 less 60 cents.

Mr. UNDERWOOD. That would make it about $3.55?

Mr. GARY. That is about it, $3.55 to $3.60.

Mr. UNDERWOOD. Now, as to the lime rock. You estimated the cost of lime rock at 49 cents. Is that the cost of lime rock at the Chicago furnaces, or is that the average at all your works?

Mr. GARY. The average.

Mr. UNDERWOOD. What is the profit you included in that?

Mr. GARY. It is not in it.

Mr. UNDERWOOD. No profit?

Mr. GARY. No, sir.

Mr. UNDERWOOD. The item of 16 cents for scrap. Is it the usual practice of your furnace business to include scrap in the manufacture?

Mr. GARY. Yes, sir.

Mr. UNDERWOOD. Is there any profit in that, or is that cost?

Mr. GARY. That is cost.

Mr. UNDERWOOD. Labor and operation. Is that the average cost of all your works?

Mr. GARY. Yes.

Mr. UNDERWOOD. I suppose that the cost at the various works differs materially, though, as to labor and operation?

Mr. GARY. Oh, yes.

Mr. UNDERWOOD. I suppose the most improved furnaces are at Gary and Pittsburg, are they not?

Mr. GARY. Youngstown, Lorain, and Cleveland. We have some good furnaces at various points.

Mr. UNDERWOOD. Is there much difference in the cost of operation between your plants?

Mr. GARY. The new furnaces at Gary are not yet in operation. There are furnaces at South Chicago, Lorain, Cleveland, Pittsburg, and Youngstown whose cost is very nearly the same, but, of course, I am speaking now of the most modern and latest furnaces. Their cost is considerably less than a great many other furnaces which we operate.

Mr. UNDERWOOD. Judge, I figure that the difference in cost between the statement this morning that it included the profits on coke and ore and what it is with that eliminated amounts to $2.65. Is there any other difference in those figures that stands for profits? Taking that $2.65 out, does that eliminate all the profit there was?

Mr. GARY. Profit to the corporation?

Mr. UNDERWOOD. Yes.

Mr. GARY. It does not. There is some profit on transportation. Of course, United States Steel is the owner of subsidiary corporations, which corporations own, as an independent investment, various railroads; two important railroads in Minnesota; the Bessemer Railroad, running from the Lakes to Pittsburg, and the steamship line, consisting of, say, 110 steel boats on the Lakes; and those transportation lines are given a profit amounting to the difference of the actual cost to the companies and the price which they receive, and they receive the same prices that other railroads or other boats doing similar business would receive. In other words, they are treated as an independent investment and get the ordinary profits.

Mr. UNDERWOOD. Of course, that is very proper and very necessary; but can you say, in estimating your profits to the transportation companies, you only estimate a profit which would be equal to that which a person shipping the same freight by an independent company would have to pay?

Mr. GARY. Exactly.

Mr. UNDERWOOD. Then the actual cost, not eliminating the profits of transportation cost that any furnace would have to pay, of your producing a ton of pig iron at Chicago would be $12.75, about—eliminating the profits on the coke and the ore?

Mr. GARY. It is not that much, is it? I think your figures must be wrong.

Mr. UNDERWOOD. I subtracted $2.05 for ore and 60 cents for coke. That would be $2.65, which, deducted from $15.30, according to my figures, leaves $12.75.

Mr. DALZELL. $12.65.

Mr. UNDERWOOD. That is right; $12.65 instead of $12.75.

Mr. GARY. Yes; $12.65. That is right.

Mr. UNDERWOOD. Now, where do you bring your coke from? Do you coke your coal at the Chicago furnace?

Mr. GARY. No.

Mr. UNDERWOOD. You bring your coke to it?

Mr. GARY. Yes.

Mr. UNDERWOOD. Where do you bring that coke from?

Mr. GARY. From Pocahontas, and some from the Connellsville region.

Mr. UNDERWOOD. Now, what is the transportation charge? I think you have given that, though. You have given the transportation charge on the coke to the furnace?

Mr. GARY. At Chicago?

Mr. UNDERWOOD. At Chicago.

Mr. GARY. Two dollars and thirty-five cents from Pittsburg to Chicago; the same from Pocahontas to Chicago.

Mr. UNDERWOOD. Is that a ton or for the amount of coke that goes into the pig iron?

Mr. GARY. That is a net ton.

Mr. UNDERWOOD. That $2.35 is a ton of coke?

Mr. GARY. Yes.

Mr. UNDERWOOD. How much would it be to a ton of pig iron?

Mr. GARY. You would have to add the same percentage. I have forgotten just what the percentage of increase is, but if the percentages are kept up would be in the neighborhood of $2.80, would it not?

Mr. UNDERWOOD. I think that is about right.

Mr. GARY. My assistant says he thinks it would be about $3, because this is a net ton.

Mr. UNDERWOOD. The transportation of the coke to the Chicago furnace amounted to about $3?

Mr. GARY. Yes; about $3.

Mr. UNDERWOOD. And that being the cost, $1.15, you estimated this morning for the coke? You estimated this morning that the coke cost you $4.15?

Mr. GARY. Yes.

Mr. UNDERWOOD. The transportation charges were $3. That leaves $1.15 for the coke?

Mr. GARY. Yes.

Mr. UNDERWOOD. I would like to have you make the same estimate as to your Pittsburg furnaces, so we can get that estimate. How much more does it cost you to carry your ore, per ton of ore and per ton of pig iron, to the Pittsburg plant?

Mr. GARY. Well, you add the freight rate from Conneaut, say, to Pittsburg, which would be $1.18. The rate is the same on the independent railroads.

Mr. UNDERWOOD. That would be $1.18 per ton of ore. If you will kindly figure what that means per ton of pig iron, I will be obliged.

Mr. GARY. It is $2.16. That is, figuring on the basis that iron would be 183 per cent.

Mr. UNDERWOOD. So that it would cost you $2.16 more to land that ore to make a ton of pig iron at Pittsburg than it would at Chicago?

Mr. GARY. Yes.

Mr. UNDERWOOD. I would like to get the same figures on coke.

Mr. GARY. Coke would be at the rate of 70 cents.

Mr. UNDERWOOD. It would cost 70 cents?

Mr. GARY. Seventy cents.

Mr. UNDERWOOD. Seventy cents a ton for the transportation of coke?

Mr. GARY. Yes.

Mr. UNDERWOOD. And in a ton of iron that would amount to how much?

Mr. GARY. About 99 cents.

Mr. UNDERWOOD. About $1 for coke?

Mr. GARY. Yes.

Mr. UNDERWOOD. Then on pig iron at Pittsburg it would cost you $2.16 more to get your ore there, and it would cost you $2 less to get your coke?

Mr. GARY. You are getting into our secrets fast.

Mr. UNDERWOOD. I do not intend to do that, Judge, but the committee wants to balance these things, because the freight rate will depend on where you are shipping from.

Mr. GARY. Yes. Of course, in locating our new furnaces, in extending our works, the cost of assembly is one of the important elements to be considered, as you know by experience.

Mr. UNDERWOOD. Yes. So that we can practically estimate, then, that either at Pittsburg or at Chicago the cost of a ton of pig iron, excluding all profits except transportation profits, is about $12.65.

Mr. GARY. Yes, sir.

Mr. UNDERWOOD. Can you give us the cost of labor in the coal mines where you operate?

Mr. GARY. The ore mines, you mean?

Mr. UNDERWOOD. I want the cost of labor both in the ore mines and the coal mines.

Mr. GARY. The rate of wages?

Mr. UNDERWOOD. Yes.

Mr. GARY. Yes; I have that.

Mr. UNDERWOOD. You haven't it figured in tons, have you?

Mr. GARY. No; I haven't it figured in tons. I can give you the rate per day.

Mr. UNDERWOOD. I will ask you this, Judge. Are the wages for ore mining in the Mesabi Range and in Pennsylvania and in Alabama anything like equal, or is there a difference in the cost?

Mr. GARY. I have no statistics in regard to Tennessee, but we hope to get down to a good basis there. I don't hesitate to say we can not manufacture there as cheaply as the Woodward Company.

Mr. UNDERWOOD. That is quite a compliment to the Woodward Company.

Mr. GARY. The average earnings per man per day, outside of administrative positions, in manufacturing companies in 1907 was $2.43; in coal and coke companies, $2.39; in ore-mining companies, $2.46; in transportation companies, $2.44; in other sundry companies,

$1.92; a total average of $2.42, as against $2.26 in 1902. Of course with your knowledge of the Birmingham district, you personally know something about the advantage we have there, but I can not give you those figures. I did not bring them.

Mr. UNDERWOOD. You have not the figures that would give us the data for the Birmingham district?

Mr. GARY. No, sir.

Mr. DALZELL. What are those figures you have just given?

Mr. UNDERWOOD. He was giving the general cost of their labor.

Mr. GARY. Outside of the Birmingham district.

Mr. DALZELL. At the mines?

Mr. UNDERWOOD. At the mines.

Mr. GARY. Manufacturing companies, coal and coke companies, ore-mining companies, and transportation companies, respectively.

Mr. UNDERWOOD. Judge, I would like to ask you where is the place where you dispose of your product from your pig-iron furnaces. Do you convert it into finished product?

Mr. GARY. So far as possible, and to a large extent—it is not true of every locality—but ever since we were organized we have been more and more concentrating, with the idea of making each plant complete in itself.

Mr. UNDERWOOD. Where is the radius of sale of your finished product from your Chicago furnaces? What is the zone in which you dispose of that product?

Mr. GARY. West, northwest, and southeast.

Mr. UNDERWOOD. In that zone you will have a differential in your favor on freight rates over any imported iron or steel, will you not?

Mr. GARY. Yes.

Mr. UNDERWOOD. Now, as to your southern properties, the Birmingham property, where is the zone in which you dispose of those products?

Mr. GARY. Well, south and southwest from that point, mostly. We could not go to the eastern seaboard.

The CHAIRMAN. What was that statement?

Mr. UNDERWOOD. None of that product goes into competition on the eastern seaboard.

Mr. GARY. No; it could not.

Mr. UNDERWOOD. I asked him if any of the product of the Birmingham district went into competition on the eastern seaboard. He said it did not. It goes westward, toward California.

Mr. GARY. Yes, sir.

Mr. UNDERWOOD. And northwestward into somewhat the same territory as the product of the Chicago furnaces?

Mr. GARY. Yes.

Mr. UNDERWOOD. In that zone, Judge, the differential in the freight rate would be in their favor as against a foreign competitor, would it not?

Mr. GARY. Yes.

Mr. UNDERWOOD. Now, as to your eastern plants, where is the zone in which they would dispose of their products?

Mr. GARY. Well, from the shores of the Atlantic to the Chicago district, or about that, I should think.

Mr. UNDERWOOD. Leaving out the territory in that zone, where do you dispose of your eastern product, taking the point of competition

in this country as New York or the Atlantic seaboard, and your point to reach the market at Pittsburg, which I suppose is a central point for most of your finished products in the eastern market?

Mr. GARY. Yes; for the majority of the tonnage.

Mr. UNDERWOOD. I want to know in whose favor—leaving out for the time being the ocean freight—in whose favor is the differential on the freight rates to reach that territory?

Mr. GARY. I did not hear the first part of the question.

Mr. UNDERWOOD. The zone in which the Pittsburg plants operate lies between Chicago and the Atlantic ocean?

Mr. GARY. Yes, sir.

Mr. UNDERWOOD. Now, assuming that the foreign manufacturer had his plant in New York City, or along the seaboard line where the principal boats land, that his plant was located there, and he was competing with you, I want to know in that territory in whose favor would be the differential on freight rates; that is, domestic freight rates, not foreign freight rates.

Mr. GARY. The rate from Germany, for instance, would be, on rails, $1.60, and from Pittsburg to the same point, $2.50; so that it would be in favor of the foreigner 90 cents a ton.

Mr. UNDERWOOD. What point are you figuring on?

Mr. GARY. The Atlantic seaboard.

Mr. UNDERWOOD. The export freight rate from Germany would be to New York City $1.60?

Mr. GARY. Yes.

Mr. UNDERWOOD. And from Pittsburg to New York City, how much?

Mr. GARY. $2.50.

Mr. UNDERWOOD. But I was figuring on the entire territory.

Mr. GARY. The average of the district?

Mr. UNDERWOOD. Yes; because, you see, the foreign competitor has got to go in there.

Mr. GARY. Yes. I can not give you the point where they would come together. Of course it would depend upon the product. If it was billets delivered to a finishing mill situated inland, your suggestion would apply. It would not apply to rails, because rails would be delivered to the railroad at its eastern terminus.

Mr. UNDERWOOD. On pig iron from Germany to this country, of course, I know the rate varies very greatly, from practically nothing to a good high freight rate.

Mr. GARY. Yes; it is carried as ballast, sometimes.

Mr. UNDERWOOD. Depending on the needs of the vessel for ballast?

Mr. GARY. Yes.

Mr. UNDERWOOD. But is not $1.60 a rather low freight rate from Germany for rails or pig iron? I mean an average.

Mr. GARY. No; I think that is the rate. That is the regular rate, I think, from the seaboard.

Mr. UNDERWOOD. In Germany?

Mr. GARY. In Germany, to the seaboard in America.

Mr. UNDERWOOD. What is the freight rate from the English coast?

Mr. GARY. Just the same.

Mr. UNDERWOOD. It would be just the same?

Mr. GARY. Yes.

Mr. UNDERWOOD. Judge, can you give us some information, if you have it, of the cost of production of pig iron in Germany and in Great Britain?

Mr. GARY. Yes. I can not give you the cost at all the places, but we have had a pretty careful inquiry made in regard to it, and I would say that for the production of large quantities of pig iron the lowest cost is in the Lorraine district, where they produce at about $8.50 per ton.

Mr. UNDERWOOD. That is in Lorraine?

Mr. GARY. Yes; there are some furnaces which produce at $7.75, but I would not think in large enough quantities to make it a very important question, when considered in comparison with our own.

Mr. DALZELL. Where is your $7.75?

Mr. GARY. I have the name of the particular furnace. It is spelled Ilsedehutte.

Mr. DALZELL. Where is that?

Mr. GARY. That is in the Lorraine district.

Mr. UNDERWOOD. Judge, I have been laboring under the impression that on account of the material in the German iron and steel districts being farther apart, it costs considerably more to assemble the raw material there than it does in the English districts.

Mr. GARY. There is a great deal of iron there and a great deal of coal. Take, for instance, the works at Neunkirchen as an illustration. The coal is in the immediate vicinity of the furnaces and mills and the ore is within 25 or 30 miles.

Mr. UNDERWOOD. Would that be an average throughout the German district?

Mr. GARY. No; I think perhaps it would be more distant than that, but it is low. Their costs are low all through that district. Of course their labor is very low, as you know.

Mr. UNDERWOOD. What would you estimate as the cost of the production of a ton of pig iron, if you know, in England?

Mr. GARY. That is about $10; $8.50 is the average in the Lorraine-Luxemburg district.

The CHAIRMAN. But not in all Germany?

Mr. GARY. Not in all Germany. I think it is about $11. That is my impression.

Mr. CLARK. The Lorraine and Luxemburg district is the place where the materials are the closest together of any place in Europe; are they not?

Mr. GARY. I think that is probably so, not including England. In England the native ores and the coal are very close together. England makes cheap iron. I have the figures somewhere. I think it is about $10.25. The Cleveland ore is $9, in my figures.

Mr. UNDERWOOD. Have you the average of the English furnaces there?

Mr. GARY. No; I have not the average. They are higher than that, though—the average of all English furnaces.

Mr. COCKRAN. Higher than $11?

Mr. GARY. Of course it is the low man we have to contend with; but that is a matter of argument. That is not a question.

Mr. UNDERWOOD. But you have not the average of the English production?

Mr. GARY. No.

Mr. UNDERWOOD. You say it would be about $9, as the low price?

Mr. GARY. Yes, sir. They have immense tonnages of ore in Germany; not so much in England, but they have at least a billion tons left in England, I think.

Mr. UNDERWOOD. In your estimate of cost at the furnace for labor and operation, you included the overhead charges, did you? I mean the office charges, and so on.

Mr. GARY. No; the administration charges all go to the finished product.

Mr. UNDERWOOD. Mr. Schwab, when he was on the stand a day or two ago, made this statement, and I will ask you whether you agree with him or not. He stated that the cost of the labor in a ton of pig iron in this country and in England was about the same, but it was due to the increased efficiency of American labor in this country over that of the English labor, which was due to the improved methods of production and improved plants in this country over those in Great Britain and Germany.

Mr. GARY. I think that is probably correct, as applied to pig iron. It is not true as applied to some steel products, by a good deal.

Mr. UNDERWOOD. By reason of that increased efficiency or methods here, in your judgment, does that increase the cost of the plants here over those in England to any extent?

Mr. GARY. It certainly does.

Mr. UNDERWOOD. Can you give us an estimate?

Mr. GARY. No; it would be substantially——

Mr. UNDERWOOD. A substantial increase; but you can not give it?

Mr. GARY. No.

Mr. UNDERWOOD. I think that is all I desire to ask on this special point.

Mr. COCKRAN. I would like to ask one question, Judge. Do you say you do not include, in this deduction you make, the profit which your company makes on transportation?

Mr. GARY. No; I do not give credit for that.

Mr. COCKRAN. Could you give us some statement of about how much that would be? Let me see if I understand you correctly. I understood you to say that your cost of transportation by rail to the lower lake ports—Chicago, Cleveland, Lorain, and Ashtabula—is $1.42 for the ore. Am I correct in that?

Mr. GARY. I think so.

Mr. COCKRAN. What proportion of that is profit?

Mr. GARY. You mean profit to the carrying companies?

Mr. COCKRAN. Yes; which I understood you to say the company owned.

Mr. GARY. I can give you those figures if you think they are important. I have them. That is, if it is important in considering this question to know what the profit to the carrying companies is, of course, I will give it.

Mr. COCKRAN. No; I am asking for the purpose of ascertaining the cost of the raw material to you.

Mr. GARY. You see, when you say the cost to me——

Mr. COCKRAN. I mean the United States Steel Company.

Mr. GARY. That is susceptible of two constructions.

Mr. COCKRAN. I understand that. I want to get the information from whatever point of view you look at it.

Mr. GARY. From the standpoint of the United States Steel Corporation, the cost of pig iron is the manufacturing cost, which I have given you, less any credits the corporation gets by reason of its outside investments which are connected with that particular industry or that branch.

Mr. COCKRAN. I understand that, Judge, but to get at the actual status of the industry of the country, it seems to me we will have to get information as to the returns that come back to the company by reason of that very condition you have described—not by any means with an idea of criticising it.

Mr. GARY. I understand.

Mr. COCKRAN. But simply to get the facts.

Mr. GARY. If you think it material to this inquiry I will give it.

Mr. COCKRAN. From the deductions you make by reason of the profits upon ore and coke it seems to me your ownership of the transportation companies is just as complete as your ownership of the coke and ore, and we might as well have it.

Mr. DALZELL. The transportation is common to all the companies.

Mr. COCKRAN. But they control the transportation companies.

Mr. GARY. It would not strike me in the same way, Mr. Cockran, for this reason: The United States Steel Corporation, owning control of the railroads, so far as the cost of the manufacture of iron and steel is concerned, is no different than what it would be if you owned that railroad. That is the point.

Mr. COCKRAN. That might be.

Mr. GARY. Don't understand I want to withhold anything that you think is proper.

Mr. COCKRAN. I understand all that, but I think it is also important, or at least valuable, that the methods by which your economies are accomplished should be thoroughly understood. It is just as important to you as to the committee. If there is any objection to it I do not insist upon it, but for the completeness of the inquiry I do not see any reason why we should not get before us to what extent the company profits by its control of transportation lines.

Mr. GARY. Taking into account all of the ore which we use, the profit to the transportation companies by land and by water averages, on the whole of it, 55½ cents per ton. That is the net profit.

Mr. COCKRAN. That would be the profit upon the coke and upon the ore, would it?

Mr. GARY. No; we do not own transportation companies to carry the coke.

Mr. COCKRAN. I understand that. That is very important.

Mr. GARY. This is ore.

Mr. COCKRAN. The United States Steel Company controls the transportation agencies by which it obtains the ore and transports it from the mine to the furnace.

Mr. GARY. Yes; the most of them; a large portion of them.

Mr. COCKRAN. When it comes to coke, it has to go in and get such rates as it can from the railroads?

Mr. GARY. Exactly.

Mr. COCKRAN. In the transportation of this ore, do those companies serve other producers?

Mr. GARY. Yes; they do.

Mr. COCKRAN. So that you have to carry the ore for your competitors as well as for yourselves?

Mr. GARY. Yes.

Mr. BONYNGE. Judge Gary, you actually pay for the transportation of this ore, do you? You actually make a real payment for it?

Mr. GARY. Oh, yes; certainly.

Mr. BONYNGE. And if you did not own the transportation company you would pay the same amount or a different amount?

Mr. GARY. Just the same amount.

Mr. COCKRAN. That is perfectly clear.

Mr. GARY. Mr. Cockran, you asked a question this morning that I would like to give you information in regard to. I think you had an impression that 40 cents a ton was pretty large for depreciation of the furnaces, and therefore it is only right to tell you the basis for that. Our modern furnaces produce about 140,000 tons a year, which, at 40 cents a ton, would be $56,000 per furnace. We think the life of the furnace is about twenty years. That would be $1,120,000 in twenty years. That represents just about the cost of the furnace. In other words, we intend to have those figures accurate.

Mr. COCKRAN. It was not I who made the suggestion.

Mr. CLARK. I was the one who made it.

Mr. COCKRAN. I think it is very valuable.

Mr. CLARK. I want to ask a question or two. Mr. Chairman Payne asked you this morning about the cost of ore. There was one item mixed up in the cost of ore that I could not understand. I guess it was because I was stupid. You pay 85 cents royalty on the ore, as I understand?

Mr. GARY. Oh, no; when I speak of the 85 cents, I refer to the recent acquisition of the Great Northern ores, so called, for which we pay——

Mr. CLARK. You bought the ore?

Mr. GARY. We bought the ore and agreed to pay 85 cents a ton for that ore, they paying the royalties. We also agreed to allow their railroad companies to transport it to the Lakes at the regular rate, which is the same rate we charge.

Mr. CLARK. How much did you figure it at that the ore cost when you were answering the chairman this morning?

Mr. GARY. At the lower lake ports?

Mr. CLARK. Yes. I did not want to bother you and make you go over the figures again.

Mr. GARY. No; that is all right.

Mr. CLARK. There is one item I want to ask you about. You need not hunt that up.

Mr. GARY. It is $2.88, including transportation.

Mr. CLARK. You included in that somewhere, somehow, as I understood it, some kind of a charge for depreciation.

Mr. GARY. Yes.

Mr. CLARK. Depreciation of what? That was it.

Mr. GARY. That depreciation of 40 cents——

Mr. CLARK. That is on the other product?

Mr. GARY. No; it is the same. It happens to be the same. That takes care of the depreciation of the equipment, which at every plant is very large in cost, and also an arbitrary price to buy new ore, if you please, to take the place of that we use.

Mr. CLARK. That is on the plant?

Mr. GARY. No; on the ore.

Mr. CLARK. I know; but if you take out enough to make up for the ore that you dig out of the ground, that ought not to be charged in as a part of the expense of making the pig iron, ought it? If you hold out enough now in this calculation to recoup you on the ore that you actually take out of the ground, that is so much profit, and ought to be charged up on the other side, too, ought it not, as well as on the debit side?

Mr. GARY. I do not see it that way.

Mr. CLARK. Well, if you do not see it that way, then you have always got as much on hand as you started with, theoretically, and you never diminish the amount of ore, and yet you charge 40 per cent off for the depreciation of the ores. That is what I could not understand about it. If there is such a thing as using up an acre of land, for instance, and you charge off enough depreciation to pay for the acre of land, then you are just exactly where you started, are you not?

Mr. GARY. But we have not got the land.

Mr. CLARK. But you have got the stuff to buy the land with?

Mr. GARY. That is our capital, which we keep intact.

Mr. UNDERWOOD. When you sell your ore, you mean, you depreciate your capital stock and make an attempt to reimburse that capital stock?

Mr. GARY. Certainly; we take it right out of the capital, 40 cents, and we put the capital back. As a matter of fact, as I said this morning, Mr. Clark, it would not be possible to buy this quality of ore at any such price.

Mr. CLARK. That is admitted.

Mr. GARY. We charge that 40 cents in order to keep our capital intact. That is the object of it.

Mr. CLARK. You make pig iron cheaper at Chicago than you do anywhere else, do you not?

Mr. GARY. No; I have said the cost is not very far apart between the best furnace at Chicago and the best furnace at Pittsburg, Lorain, Cleveland, or Youngstown.

Mr. CLARK. Will not the Missouri coal make coke as good as the Connellsville coal?

Mr. GARY. No; it is not practicable up to date.

Mr. CLARK. They do make good coke out there. Is not this coke business now a sort of fashion, and do you not prefer that because it does come from Connellsville?

Mr. GARY. No; if you could discover a way of practically satisfying us to that effect, you would be a rich man very suddenly.

Mr. CLARK. I wish I could.

Mr. GARY. No; that is not so, Mr. Clark. The best Illinois coal is cokeable, but in the first place it is very high in sulphur, which could be eliminated at a certain cost; but worse than that, the physical structure is such that it is not practicable. It will not carry the burden in the furnace. Oh, no; we have a great deal—I say a great deal; we own quite a substantial acreage of Illinois coal, and would be very glad to utilize it for coke. We could buy a great deal more at a very low price, and we have other contracts whereby we get that coal for steam purposes, and it would be an immense saving if that coal was cokeable.

Mr. CLARK. Do you make any considerable amount of charcoal products?

Mr. GARY. No, sir.

Mr. CLARK. You do not make any?

Mr. GARY. No.

Mr. COCKRAN. Judge, I find here in my notes one suggestion. You answered Mr. Underwood that with products coming in from abroad, if they were billets, there would be a charge against the foreign producer of transportation from the seaboard to the neighborhood where they would be manufactured, and that as to structural steel you expected a majority of it would probably be disposed of along the Atlantic seaboard, if any came in. Did I understand you to say that?

Mr. GARY. No; I did not say that.

Mr. COCKRAN. Well, you said something about rails?

Mr. GARY. Yes, sir; the railroads would take their rails at the seaboard, because their lines reach the seaboard.

Mr. COCKRAN. Now, is not the majority of the railway construction some distance away from the terminus? For instance, take Buffalo and Chicago.

Mr. GARY. Yes; but that does not affect the question very much.

Mr. COCKRAN. The rails would be delivered, then, at the point in the West where the construction was in progress?

Mr. GARY. Yes; but the railroad companies do that. They would do it at a very small cost to themselves.

Mr. COCKRAN. But so far as the railway freight upon steel rails cuts any figure in your calculations, there would be a good charge against the foreigner delivering rails, would there not?

Mr. GARY. Not very much as to rails.

Mr. COCKRAN. How would it affect structural steel?

Mr. GARY. As to structural steel, of course the suggestion which was made by Mr. Underwood would apply; that is, you would have to get the point where the costs come together.

Mr. COCKRAN. Now, there is another thing Mr. Underwood suggested to me here which I think it would be well to spread upon the record, that in discussing the cost of depreciation, fixing it at 40 cents——

Mr. GARY. On the furnace or the ore?

Mr. COCKRAN. On the ore; 40 cents per ton for the ore, there is a constant necessity for relining the furnace?

Mr. GARY. Yes.

Mr. COCKRAN. That is included in the 40 cents?

Mr. GARY. No; it is not.

Mr. COCKRAN. Where do you include that in your calculations?

Mr. GARY. That is included in the $1.37.

Mr. COCKRAN. I see. I just wanted to get that clear.

Mr. GARY. That goes to the cost of operating.

Mr. RANDELL. Judge Gary, may I ask you a few questions?

Mr. GARY. Yes, sir.

Mr. RANDELL. In giving the rates you gave only the rate across the ocean and not the rate in Germany?

Mr. GARY. That is right.

Mr. RANDELL. Of transportation?

Mr. GARY. Yes.

Mr. Randell. What is the rate in Germany?

Mr. Gary. That depends on circumstances. The German Government takes care of German manufacturers, and when it comes to exporting products the Government, owning the railroads, will make almost any rate; and then they have other ways of reducing those rates.

Mr. Randell. Somebody will have to carry the product at somebody's cost. It would be an expense?

Mr. Gary. Yes.

Mr. Randell. And whether the Government pays it or the railroad pays it——

Mr. Gary. Yes; but of course we have to meet it just the same.

Mr. Randell. The question was as to what that was. Do you know?

Mr. Gary. That depends upon the point.

Mr. Randell. Do you know what the rate is?

Mr. Gary. The rate from where?

Mr. Randell. Anywhere. What would be the rate from any of the principal manufactories or mills there to the seaboard? Would it compete with you, if such a thing were possible in this country?

Mr. Gary. The rate, I think, from the Lorraine district, perhaps, would be about $1.25. The rate from the mill—that is what you want.

Mr. Randell. To New York.

Mr. Gary. To New York would be about $3. That is the open rate.

Mr. Randell. Then that is greater than your rate?

Mr. Gary. What is it?

Mr. Randell. That is greater than your rate?

Mr. Gary. It is from Pittsburg to that same point.

Mr. Randell. On the face of it, it sounded as though you had to pay a higher rate, and you really pay a less rate, to a considerable amount. Am I not correct about that? because I want to understand you.

Mr. Gary. You are correct in assuming that the rate from the mills in Germany to New York, on the average, would be higher than the rate from Pittsburg to New York.

Mr. Randell. The way I understood your statement a while ago was that you had to pay a higher rate. That was because you only gave the ocean rate and not the inland rate in Germany?

Mr. Gary. I think you are right, as you figure it.

Mr. Randell. That is, it was calculated to deceive parties who do not understand it like you do, and I did not understand it. That is the reason I asked you about it. Now, you have the advantage by over a dollar a ton now, even in New York, which is the great entrance port into this country.

Mr. Gary. Let me see if I can make that plain, in a word.

Mr. Randell. If you will answer my question first and then explain, I would rather you would do so. Is it not a fact that you have the advantage of about a dollar a ton, according to that statement, at New York?

Mr. Gary. It is $2.85 against $2.50.

Mr. Randell. That would be 65 cents?

Mr. Gary. The difference between $2.85 and $2.50.

Mr. Randell. I thought you said $3.50. I misunderstood you.

Mr. GARY. No; $2.50.

Mr. RANDELL. That is the entrance port. If any of these products were really to compete with you, they would have to be sold in New York City, or they would have to pay an additional freight to the point of consumption?

Mr. GARY. Yes.

Mr. RANDELL. Whether that was a railroad rail or any other product, the same thing would apply, would it not?

Mr. GARY. Yes.

Mr. RANDELL. Because either the importer would have to ship the rails to the point of consumption, or the railroad would have to carry it. It would have to be transported. That is a fact, is it not?

Mr. GARY. Yes; I think it is only fair, as that is an argumentative question, it seems to me, to let me give you what are facts.

Mr. RANDELL. Certainly.

Mr. GARY. Not that our company is so much interested in it, perhaps, but assuming you could make pig iron in the Lorraine district at $8.50, as I think you can, the cost of conversion there into billets would be about $3 a ton. That would be $11.50.

Mr. RANDELL. I thought you had been over that in your testimony.

Mr. GARY. No; I have not, at all. You add the freight charges, say $3, and it would be $14.50 for the billets in New York. Now, the cost of conversion at the eastern furnaces and mills is not less than $4, and, including all legitimate charges, I do not believe they can make pig iron for less than $15. Fifteen dollars and $4 would be $19. In other words, the German billets would be laid down in New York at $14.50, whereas the eastern mills at their mills would have to pay $19 for the same thing. That would be their cost, or, laid down in New York, the cost of transportation added. Of course I admit that is argumentative, and I only give you the facts and make the point to make the facts clear. As I say, it applies to these eastern furnaces and eastern mills.

Mr. RANDELL. Then the fact of the matter is—I am asking the question if it is not a fact—that without any tariff on any of these products, the iron manufacturer in this country can control the American market as against the foreigner.

Mr. GARY. Did you say "can" or "can not?"

Mr. RANDELL. Can he not do it?

Mr. GARY. My figures do not seem to show that.

Mr. RANDELL. I ask you for an answer to that question. Then, of course, I would not have to go through the figures to get the conclusions.

Mr. GARY. No; I think not.

Mr. RANDELL. He can not control it?

Mr. GARY. No; that is true of various other products.

Mr. RANDELL. Then, under present conditions—it is immaterial to me what your answer is. I want to get at the facts.

Mr. GARY. That is all you will get, of course.

Mr. RANDELL. That is what I am after.

Mr. GARY. It is very material to me what I answer.

Mr. RANDELL. The American manufacturers, you say, can not control the American market?

Mr. GARY. I do not say that controlling the market——

Mr. RANDELL. That is a very plain question.

Mr. GARY. It is a very unfortunate question. Nobody can control any market.

Mr. RANDELL. Some people can control some markets, and do.

Mr. GARY. For how long a time?

Mr. RANDELL. It is according to how long——

Mr. GARY. The man who attempts to control any market, up or down, is soon in the poorhouse.

Mr. RANDELL. Some people take a very circuitous route and go through diamond mines before they get to the poorhouse; but whether that is true or not, I only want to get an answer to the question I propound, so that I may understand, from my standpoint, what the conditions are.

Mr. GARY. You say you ask for conclusions?

Mr. RANDELL. No matter what may be the cost, the conditions in this country are such that, in your opinion, the iron manufacturers can not control the American market without the help of the tariff. Is that your opinion?

Mr. GARY. Yes; it is. You are speaking of the manufacturers generally?

Mr. RANDELL. Of the iron producers.

Mr. GARY. I have made no answer in regard to the United States Steel Corporation. I don't know. I think, with reductions in the tariff, the United States Steel Corporation would endeavor to take care of itself; but I think many, if not most, of our competitors would soon be out of business, and we would have the field.

Mr. RANDELL. Then, from a selfish standpoint, it would be to the interest of the United States Steel Company to take the tariff off?

Mr. GARY. You might think so, but I do not think so. I think it would be the worst thing that could happen to United States Steel, because the people would not stand it. We do not want those conditions, and instead of trying to bring about such conditions as that, we have done what we could, fairly and justly, to prevent it and to assist our competitors.

Mr. RANDELL. Judge, I am not making any charges against anybody. All I want to get are the facts. You say they can not control it. Now, let us see as to the reason, in as short order as possible, without argument. Please answer my questions yes or no, as far as you can, and then explain them if need be. The iron in this country is of as good quality as any in the world, is it not—iron in the mines?

Mr. GARY. Of course, our ores, on the average, would not be as good as the Spanish ores.

Mr. RANDELL. As the Spanish ores?

Mr. GARY. No.

Mr. RANDELL. There is no trouble about competition with the Spanish ores, is there? You are not troubled about competition with the Spanish ores, are you?

Mr. GARY. I do not think so, at present. That may be true of the Swedish ores, too.

Mr. RANDELL. Is not the United States peculiarly rich in the possession of iron ore?

Mr. GARY. Yes.

Mr. RANDELL. Is it not a fact that it is easily accessible, in comparison with other ores, for the markets of the world, so far as access to it is concerned? I am not talking about the cost, but about the access to it.

Mr. GARY. Yes.

Mr. RANDELL. Is it not remarkably well situated for access?

Mr. GARY. I think so.

Mr. RANDELL. Now, is not the United States rich in coal?

Mr. GARY. Yes.

Mr. RANDELL. And that wealth is in bituminous coal and practically a monopoly of anthracite coal, is it not?

Mr. GARY. I presume so, but anthracite coal has nothing to do with our business.

Mr. RANDELL. That is a very proper statement. You do not use the anthracite in your business?

Mr. GARY. No.

Mr. RANDELL. You use bituminous coal?

Mr. GARY. We use good bituminous coals.

Mr. RANDELL. Is it not a fact that the iron and coal are well situated in reference to each other in the United States in comparison to other countries?

Mr. GARY. So far as the Birmingham district is concerned, yes; but not so far as the other districts are concerned. They are remote one from another, as compared with England and Germany.

Mr. RANDELL. You have the coal in Pennsylvania. You have an immense amount of coal in Pennsylvania and West Virginia, have you not?

Mr. GARY. Yes; we haul that coal to Chicago at a cost of $2.35; that coke from the Connellsville region to Chicago at $2.35; also from Pocahontas to Pittsburg at 70 cents a ton, and the transportation of the ore to the point of assembly——

Mr. RANDELL. You have given those figures before, have you not?

Mr. GARY. Yes; I have.

Mr. RANDELL. You can refer to them in that way. They are in the record.

Mr. GARY. The ores are away North. The coal is South.

Mr. GAINES. I do not think Judge Gary has given those figures—the distance the coal is from the furnaces and the ore is from the furnaces and the lime is from the furnaces.

The CHAIRMAN. He has given the locations. I think the committee can come pretty near to it.

Mr. GAINES. I should think so.

Mr. RANDELL. There is a transportation rate on the railroads?

Mr. GARY. Limestone is another principal thing.

Mr. RANDELL. Have you not limestone, coal, and coke together in the United States outside of Alabama?

Mr. GARY. Limestone, coal, and coke?

Mr. RANDELL. Yes.

Mr. GARY. No; we have no coke at our furnaces. Neither have we any limestone at our furnaces.

Mr. RANDELL. And no iron ores?

Mr. GARY. And no iron ores.

Mr. RANDELL. You have your furnaces where there is neither coke, coal, nor iron ore?

Mr. GARY. That is right.

Mr. RANDELL. Everything has to be hauled to you?

Mr. GARY. I am not speaking of the Birmingham district.

Mr. RANDELL. You are talking about Pittsburg, the Pennsylvania region.

Mr. GARY. No; they are situated far apart. We select the points where the cost of assembling all these is the lowest. That is our aim.

Mr. RANDELL. That depends, does it not, on the place where you have put your former manufactory? You have to consider the fact that you have already an investment there, have you not?

Mr. GARY. It was originally located with that in view.

Mr. RANDELL. But when conditions change you still hold it there because you have your investment there?

Mr. GARY. We hold it or abandon it, as we have done in a great many cases, and build elsewhere.

Mr. RANDELL. Is it not a fact that a very large part of the expense of the manufacture of iron in this country is brought about by railroad charges in carrying the raw material and in carrying the finished product to the place of consumption? Is not a large part of it railroad charges?

Mr. GARY. Yes.

Mr. RANDELL. Do you not believe it is a fact, as I think Mr. Schwab said—I think he was the witness who testified to it—that while you charge the railroads $28 a ton for steel rails they make no complaint about that, that they are perfectly willing to pay a high price for steel rails, and are not asking any reduction? Is not that a fact?

Mr. GARY. It is not a fact that they pay a high price.

Mr. RANDELL. Is it not a fact that they make no complaint and have not made any about the rise in the price of steel rails, but pay it cheerfully and willingly?

Mr. GARY. No; that is not a fact. On the contrary——

The CHAIRMAN. Mr. Randell, I suggest you exhaust the witness on the ore business and the pig iron, and then we will take up the steel rails regularly and go through this matter connectedly. We have not had anything on that, and I do not like to have it drawn out piecemeal.

Mr. RANDELL. Very well, sir. The point I was getting at is a matter not specially connected with the price of steel rails at all, but it is a condition I am talking about.

The CHAIRMAN. I only make the suggestion.

Mr. RANDELL. I will follow the chairman's suggestion, but the chairman misunderstood me. I am not going into the question of steel rails, but a condition. Now, is it not a fact that the men who own and control the iron interests also to a large extent own and control the railroad interests and transportation facilities?

Mr. GARY. Well, just to how large an extent I can't say, but not to an extent that I think influences the question of prices in the slightest.

Mr. RANDELL. I did not ask you that, because that is a conclusion. You might think one thing and somebody else another. I was getting at the fact. Is it not a fact that the interests are largely controlled by the same men and the same interests?

Mr. GARY. I don't think so.

Mr. RANDELL. Then the railroad stocks are owned by entirely different men from the men who own the steel stock?

Mr. GARY. Well, entirely is one word. You used one word in one question and another word in another question. There are some men who have interests in steel manufactures and in railroading, both.

Mr. RANDELL. They are men of large interests in both, as a rule, are they not?

Mr. GARY. No; I don't think so.

Mr. RANDELL. The men who have the largest interests in the steel business have large interests and a certain amount of controlling and directing interest in railroads. Is not that a fact?

Mr. GARY. No; I don't think so.

Mr. RANDELL. Then, according to your opinion, the interests that operate the iron and steel industries have no power or control in reference to the regulation of railroads?

Mr. GARY. Yes; that is my opinion. I have been up against the question too many times to agree with you.

Mr. RANDELL. You have never been trying to get low rates, have you?

Mr. GARY. Yes, indeed; and I have had a great many discussions in regard to the price of rails with these people. That does not contradict what Mr. Schwab said, as applied to certain railroads and certain manufacturing companies. For instance, if a certain railroad is receiving large amounts of freight from a manufacturing company located on its lines, then the business between those two proceeds without any friction; but we sell rails to large numbers of railroads who have no business of that kind.

Mr. RANDELL. I did not mean to ask you if the people who own the steel industry own the largest per cent of all the railroads in the United States, but the railroads that they need to use. They have interests in them, have they not?

Mr. GARY. To some extent. It is not a question of the interests. It is a question of freights, a question of the interchange of business, not a question of interest in the securities of one company or the other.

Mr. RANDELL. Take it that they consider their interests are the same. Then is not this the practical situation, that the steel industry and the railroad transportation business, having a community of interests, that the high freight rates are tolerated by the steel companies and the high prices of steel are tolerated by the railroad companies, and it all comes out finally to the consumer, and the steel company, being a producer, and the railroad company, being the carrier, which is also a producer, simply pool issues and get the benefit of a higher price, which is protected by a tariff on the steel product?

Mr. GARY. I know of no case where that is a fact; where your premises are justified by the facts.

Mr. RANDELL. When, in your opinion, will the steel industry get strong enough so that it can maintain itself just as an independent industry, without having to tax the balance of the country to support it, if you ever thought about that proposition?

Mr. GARY. You might as well ask me how long a string is as to ask me in regard to the future.

Mr. RANDELL. I might as well ask you how long the Government will last, or something like that.

Mr. GARY. Yes.

Mr. RANDELL. In other words, the proposition is to keep it everlastingly.

Mr. GARY. But in reference to that question, outside of the net profits realized by the corporation and the value of its raw products, everything is paid to labor, goes to labor.

Mr. RANDELL. I am glad you mentioned that subject. I want to ask you about that. My understanding is that all this tariff and everything is for the benefit of labor.

Mr. GARY. No; you don't understand that from me.

Mr. RANDELL. I have understood it from most people who have been here, and it has always been the cry in every tariff bill. It is the cry of the Republican party. We will not discuss those things. I want to get at the facts. I wanted you to tell me the fact, if it is—and I take it to be the fact, because it has been testified to by various witnesses here who are not antagonistic to your interests—that in reference to food products, the cheapest food, the most uninviting kinds of food, are imported and brought to the different parts of the country here and consumed among the mill towns and among the laboring people; that the most uninviting, unwholesome, and the commonest food is the kind that is sold to these people. Do you know where that is?

Mr. GARY. I doubt the statement of fact, to begin with.

Mr. RANDELL. Then you could not give an opinion on it?

Mr. GARY. Therefore I could not; no.

Mr. RANDELL. Now, in reference to clothes. People have been here before this committee, and everything that wants a tariff seems to think they must keep out the coarser clothing. We find further testimony that the commonest, meanest, most undesirable clothing is the kind that is bought by the laboring people who are in the manufacturing business. Can you explain where that is, if they are going to get any benefit from this tariff?

Mr. DALZELL. I suggest, Mr. Chairman, that we have wandered a long way from the point at issue here.

Mr. RANDELL. With all due respect to the gentleman from Pennsylvania, it seems to me we have not wandered as far as, perhaps, the investigation did yesterday on the peanut question, when it came to tariff matters.

The CHAIRMAN. Of course the important inquiry here is the difference of cost of foreign ore and pig iron and ore and pig iron in this country. If you will tell me that, I will not have much trouble adjusting the rate of duty. That is what I want to get at.

Mr. RANDELL. Mr. Chairman, my idea was that it might be well that the tariff he is asking for in reference to this commodity be done away with in the interest of the laboring man, and my questions were directed in reference to that matter.

The CHAIRMAN. I did not hear your question, Mr. Randell.

Mr. RANDELL. I was through with the witness, and I will not take up the time of the committee further.

The CHAIRMAN. If you think the question is material, go ahead.

Mr. RANDELL. I did think so, but I have an answer to it. Your answer was that you did not know why that was, was it?

Mr. GARY. I did not answer the last question.

Mr. RANDELL. I would like to have an answer to it.

Mr. CRUMPACKER. If this were a court of justice, a valid objection would be that it assumes a fact that has not beeen proven.

Mr. RANDELL. I assume the testimony that is before this committee is to that effect, or at least in that direction. If I am not correct about that, a perusal——

Mr. CRUMPACKER. No; I think it is based on an assumption that the record does not justify, Mr. Randell. That is my point.

Mr. RANDELL. I am sorry the gentleman's memory is not the same as mine, and still——

The CHAIRMAN. The record will show, gentlemen. There is no use debating about that.

Mr. RANDELL. Yes; the record will show. If that is the case, and the testimony is in that direction, can you explain why that is so?

Mr. GARY. You ask me why the workingmen use the cheapest kind of goods for clothing?

Mr. RANDELL. Why the commonest clothing, not merely for the laborer, but for the community, for his family—the cheapest and most undesirable clothing is sent to those sections where they have manufacturing establishments?

Mr. GARY. Of course the obvious answer is that the workingman is influenced a good deal like other people, and that if he is disposed to be economical and saving he will buy and wear the goods which he can get at the lowest price.

Mr. RANDELL. If your idea is that it is on account of his being saving, then I will ask if it is not a fact that it has taken all his wages, and he has saved practically nothing, but that, on the contrary, he is coming and asking a continuation and in some cases an increase of the tariff in order to permit him to work more than half time, in order to give him a chance to work more than half time?

Mr. FORDNEY. Before you answer that question, Judge, let me ask you this: Do you know whether the men who work for you wear any different clothes than the average laboring man elsewhere?

Mr. GARY. No; I do not. I think they are fully as well dressed. I should like to have you see a picture that was taken a short time ago at our Vandergrift mill, in Pennsylvania, showing drawn up in front of the public park about 20 automobiles, owned by our own employees and operated by them.

Mr. RANDELL. They were the high-priced men.

Mr. GARY. Well, they were the rollers in the mills. They get good wages compared to the foreign wages. I could give you, if I were talking tariff, some facts concerning our workingmen as compared with workingmen abroad that I believe would astonish you.

Mr. RANDELL. Have you any pictures of any of the soup houses?

Mr. GARY. Soup houses?

Mr. RANDELL. Yes.

Mr. GARY. Well, we used all sorts of houses during the last year, taking care of our men temporarily who were out of employment. I don't think that is any crime.

Mr. RANDELL. Let me ask you this question. It is not a question of tariff; it is a question of humanity for the country.

Mr. Gary. The tariff question is a question of business, I think.

Mr. Randell. It is a question of humanity, from my standpoint; it may be a question of business with you. What is the trouble in your industry that makes it so frequently the case that there are too many men for the work, so that you can only give them about half time each, and you have to work some a while and others a while, so as to support all, and you are unable to give them a full day's work?

Mr. Gary. That is, what produces panics, do you mean?

Mr. Randell. No; what produces that condition?

Mr. Gary. When there is no panic?

Mr. Randell. Yes.

Mr. Gary. There are various things. One thing would be, for instance, large quantities of foreign products brought into this country at a price our people could not compete with, reducing our production at some of our mills, and to that extent throwing our people out of employment. That is one reason.

Mr. Randell. You mean to say, then, that the foreign production, even with the present tariff, has made all that calamity for the laboring man in this country?

Mr. Gary. What calamity do you refer to?

Mr. Randell. The time you are talking about. You said it occurred when there was not a panic, or between panics.

Mr. Gary. I have not fixed any time nor spoken of any calamity.

Mr. Gaines. Judge Gary, you have not stated, have you, that there is any such condition prevailing in your business now?

Mr. Gary. No.

Mr. Gaines. Or that there has been in the last few years?

Mr. Gary. There has not.

Mr. Randell. Do you mean to say such a condition has not existed?

Mr. Gary. I mean to say during the last year the volume of business has not been as great as it was before that time. At the present time it is pretty good.

The Chairman. It is hardly fair to ask the witness to prophesy about what would happen.

Mr. Randell. I am not asking him to be a prophet or a patriarch, either.

The Chairman. It comes pretty close to it.

Mr. Randell. The chairman evidently did not understand my question. I was not asking this gentleman to prophesy. I would not take him for a prophet.

The Chairman. You were asking him whether if such and such conditions existed they would not be employed for the full time.

Mr. Randell. I asked him what was the cause, more as a philosopher and historian than as a prophet.

The Chairman. Proceed, Mr. Randell. We will stay with you. I want to say to the gentlemen who are here upon other matters that the committee will probably sit until 7 o'clock, and take a recess for an hour for dinner, and continue until we get through.

Mr. Randell. As the chairman is restless with reference to time, I will ask this question and quit. I have taken up too much time.

The Chairman. Certainly not; but there are a number of gentlemen here and I do not want them to go away.

Mr. Randell. I would hate to discommode them in any way. Can you explain to me why it is that under your present system there are

so many men that are employed, who have no other business except to work in your manufactories, and still can not get an average of more than about half time to work?

Mr. GARY. Unless you refer to times of panic, I think your assumption is wrong. I do not believe the conditions you refer to ever applied. On the contrary, we have had difficulty——

Mr. RANDELL. Is the assumption wrong in reference to the amount of time they are out of employment?

Mr. GARY. Yes.

Mr. RANDELL. How much, then?

Mr. GARY. Or their being out of employment.

Mr. RANDELL. You mean to say, then, that there are no more men than you could keep employed all the while if your mills were running full time?

Mr. GARY. This will answer your question, I think. In 1905, 1906, and 1907, at our mills, labor was so scarce that a good deal of the time we had difficulty in getting as many men as we needed. During the last year the conditions have been different, but since the election conditions have been improving.

Mr. RANDELL. You have not answered my question as to whether or not there is a percentage of men commonly unable to get work because you have more men there who depend upon that industry and upon it alone for work than you can give employment to?

Mr. GARY. I don't think that is true.

Mr. RANDELL. Then, you have no percentage of that kind?

Mr. GARY. I would not say that.

Mr. RANDELL. That is what I am asking you about. Then you do not know?

Mr. GARY. I think I know pretty well, but when you say any percentage, one man would be a percentage.

Mr. RANDELL. I mean any appreciable percentage.

Mr. GARY. You will have to give me figures.

Mr. RANDELL. I was asking you to give me figures.

Mr. GARY. If I give you the general rule, give you the average, give you substantially the situation, it seems to me that does answer your question fully.

Mr. RANDELL. What I was getting at was whether or not you have a surplus of labor.

Mr. GARY. As a rule?

Mr. RANDELL. As a rule, you have a surplus of labor?

Mr. GARY. Ever, at any time? I confess I don't know what you mean.

Mr. RANDELL. Do you ordinarily, on the average, have a surplus of labor?

Mr. GARY. At our mills?

Mr. RANDELL. About your mills, depending upon your mills for labor.

Mr. GARY. And exclusive of times of panic?

Mr. RANDELL. Yes.

Mr. GARY. We do not.

Mr. RANDELL. Then you have full employment for all the men in your business?

Mr. GARY. As a rule, yes; we do. That is the rule.

Mr. RANDELL. And yet with full employment their condition, whatever it is, is chargeable to the wages that they get and the opportunities that they have and the expenses they are put to under the system in which they live?

Mr. GARY. Yes; the conditions which I speak of are the result of wages paid in this country as compared with wages paid in other countries.

Mr. RANDELL. And to make a long matter short, if you will excuse the expression, the condition that the laboring man is under, whether it is good or bad, is by your admission the result of the environment about him, by reason of the institutions and the laws that control your business there?

Mr. GARY. Of course I don't state that or admit that, because during the last year this country has been passing through a panic, not resulting from any question concerning which you have been talking, the tariff or this investigation, and that has brought about certain conditions with reference to the laboring men.

Mr. RANDELL. Then previous to the panic he was the natural result of his environment there. Is that right?

Mr. GARY. The conditions of our mills and furnaces as I have stated them; yes.

Mr. RANDELL. Whether that is good or bad? That is all.

The CHAIRMAN. That seems to be all. Judge, I want to ask you one or two questions about this same subject: What is the cost at which ore can be laid down in New York from Germany before the duty is paid—at what price?

Mr. GARY. I do not find it, but the rate is about $1.50 a ton; not perhaps actually that.

The CHAIRMAN. It can be laid down in New York for $1.50 a ton?

Mr. GARY. I think so.

The CHAIRMAN. German and English ore both?

Mr. GARY. That is, the freight rate?

The CHAIRMAN. No; I mean the total cost.

Mr. GARY. Oh, the total cost; iron laid down?

Mr. BONYNGE. Iron ore.

Mr. GARY. No; I can not answer that, because I have not the separate mining costs and the royalties and things of that sort. I have no figures on that. I know about the cost of iron or billets, but the ore, I could not give it.

The CHAIRMAN. You think the freight on the ore is about $1.50 a ton?

Mr. GARY. I think so.

The CHAIRMAN. You did give the figures to Mr. Underwood—the cost of the ore?

Mr. UNDERWOOD. No; I asked him about pig iron.

Mr. GARY. I could give you pig iron and billets.

The CHAIRMAN. I would like to have you put that in later, and then I would like to have you show the relative richness in iron of the American ore and the English ore and the German ore. You have said that all American ore had a certain per cent of iron in it.

Mr. GARY. I can not give you that exactly; but I think it requires about 3 tons of German ore to 2 tons of our ore.

The CHAIRMAN. Three tons of German to two of ours?

Mr. GARY. Yes; and I would not be surprised if English ore was about the same. Their processes are somewhat different. They make basic iron in Germany, largely; they import some ore from Sweden, some from Spain, more from Sweden; and Belgium, I think, for instance, imports all its ore. That is why their tariff on ore is different from our tariff on ore. That accounts for the difference, because they have to bring it in.

The CHAIRMAN. For mixture, I suppose?

Mr. GARY. Yes; exactly.

The CHAIRMAN. But, generally speaking, 2 tons of our ore goes as far as 3 tons of theirs?

Mr. GARY. That is my recollection.

The CHAIRMAN. Can you tell me what it would cost to lay down a ton of pig iron in New York, including the total cost of the iron, from Germany and also from Great Britain?

Mr. GARY. I think about $11.50 from Germany to $12 from England.

The CHAIRMAN. Laid down in New York?

Mr. GARY. Yes. Steel is still more favorable to Germany.

The CHAIRMAN. Why, then, does not Germany drive you out of the market? Seven dollars and fifty cents and $4 added would make $11.50 against your $15.50 cost.

Mr. GARY. Eight dollars and fifty cents and $3 would be $11.50, and the tariff, $4, $15.50. If they had a surplus of iron at any time, of course it would come in here; it does come in here, lots of it.

The CHAIRMAN. Then there is nothing but their need for it for their own manufacturing purposes that keeps it out?

Mr. GARY. That is exactly right. Selling pig iron, German pig iron, would not pay them very well, and they can do very much better by converting it into steel of all kinds.

The CHAIRMAN. Would the same rule apply if the $4 were taken off the duty?

Mr. GARY. That I can not answer; I do not know. We are not much interested in the question of iron; we buy pig iron.

The CHAIRMAN. You think that is in the range of prophecy again, do you?

Mr. GARY. Yes.

The CHAIRMAN. I do not think I can take any exception to that.

Mr. GARY. I am better acquainted with the facts, so far as they apply, relating to our business.

The CHAIRMAN. England has no surplus of iron ore?

Mr. GARY. No.

The CHAIRMAN. She uses all in manufacturing what she mines and imports?

Mr. GARY. She has no surplus of pig iron, I should say.

The CHAIRMAN. She does not export pig iron?

Mr. GARY. No. It pays better to convert it. They do a very large export business of the finished steel.

The CHAIRMAN. Certainly; but I mean either as ore or pig iron she does not export to any extent?

Mr. GARY. No. My impression would be that she would not do it—that she will not do it; but as you have suggested, I can not answer.

Mr. CLARK. Do you believe it would make any difference with the steel business if the tariff was taken off pig iron and ore?

Mr. GARY. I can not answer that question. It would be an opinion.

The CHAIRMAN. We will go up to pig iron if you have not anything further to say there.

Mr. GARY. Mr. Chairman, the importations of pig iron in 1907 to this country were 489,440 tons, as I have it.

The CHAIRMAN. How much do you say?

Mr. GARY. Four hundred and eighty-nine thousand four hundred and forty tons.

The CHAIRMAN. That would include manganese and spiegeleisen?

Mr. GARY. No; that is just pig iron. It does not cover scrap iron or bar iron or bars or spiegeleisen or manganese.

Mr. UNDERWOOD. Here are the exact figures for 1907 as given by the statistics we have before us. Eliminating spiegeleisen and ferromanganese and ferrosilicon and tungsten, coming down strictly to pig iron, these statistics give 366,706 tons, valued at $5,862,930, paying a duty of $1,466,825; and the value of a unit, the average value of each ton that was imported, which does not include the duty, was $15.99.

Mr. GARY. Are those government statistics?

Mr. UNDERWOOD. The statistics that were prepared for the committee.

The CHAIRMAN. That is taken from the government statistics.

Mr. GARY. My figures are supposed to be from the government statistics, and accurate.

Mr. DALZELL. What are your figures?

Mr. GARY. Four hundred and eighty-nine thousand four hundred and forty tons.

Mr. BONYNGE. What do you take, the calendar year or the fiscal year?

Mr. GARY. The calendar year.

Mr. BONYNGE. You have the fiscal year, Mr. Underwood.

The CHAIRMAN. Is it the calendar year or the fiscal year?

Mr. GARY. The calendar year.

The CHAIRMAN. This is the fiscal year.

Mr. COCKRAN. Is this the fiscal year?

Mr. UNDERWOOD. Yes; ending June 30.

Mr. BONYNGE. We have the fiscal year and he has the calendar year.

Mr. GARY. That accounts for it.

The CHAIRMAN. Do you think that is a fair valuation, $16 a ton landed at the port of New York?

Mr. GARY. I can not answer that; I do not know.

The CHAIRMAN. For the last five years, including 1907, the average valuation was $15.33 a ton.

Mr. GARY. At that price that was iron from certain localities.

The CHAIRMAN. I suppose that it was the importation that actually squeezed into this country—a very small amount—from Cuba and from Spain, but none was coming from Great Britain or Germany.

Mr. COCKRAN. Right there, will you ask the witness to explain the great difference in importations between 1907, 1906, and 1905?

The CHAIRMAN. Certainly, I will call his attention to that. In 1906, 110,000; 1905, 54,000; and we have found, Judge, that generally the importations were abnormally large in 1907 on steel or anything else. It runs all through the schedules.

Mr. GARY. For 1906 I have 379,828.

Mr. COCKRAN. When is that?

Mr. GARY. Nineteen hundred and six—the calendar year 1906.

The CHAIRMAN. I do not know where you got your figures.

Mr. BONYNGE. He has the calendar year every time.

The CHAIRMAN. Even with the calendar year you can not have it three times as much right along. There seems to be some discrepancy in his figures or ours.

Mr. UNDERWOOD. If you will let me suggest, his calendar year overlaps the fiscal year, and the dumping from Europe had commenced in his calendar year, whereas it does not show until our fiscal year.

The CHAIRMAN. What was it the year before?

Mr. GARY. Nineteen hundred and five, pig iron, 212,466.

The CHAIRMAN. There is something out of joint between your figures and ours.

Mr. COCKRAN. The figures are out of joint.

The CHAIRMAN. There can not be any doubt but what yours are much higher than ours.

Mr. UNDERWOOD. Judge, suppose you take this book and have our figures before you.

Mr. GARY. I suppose these are taken from the government statistics, but I do not understand what the mistake is, unless they have included something here that is not included there.

The CHAIRMAN. These were prepared for the use of the committee with a good deal of care, and we have not found any mistakes in them.

Mr. COCKRAN. Mr. Chairman, would it be explained by the fact that he may have the various forms of iron?

The CHAIRMAN. No; I do not think so, because that would not come in in pig.

Mr. COCKRAN. It says, "iron in pigs."

The CHAIRMAN. There is speigeleisen comes in, 2,000 tons.

Mr. COCKRAN. And ferromanganese.

The CHAIRMAN. Ferromanganese, $94 a ton. That may account for it.

Mr. GARY. You see, I have no separate item for speigeleisen or ferromanganese.

The CHAIRMAN. That probably accounts for the difference.

Mr. DALZELL. Your figures include all of these?

Mr. GARY. Yes; I presume that explains it.

Mr. CLARK. If the Europeans could lay this pig iron down in New York at the figures that have been agreed on here, and do not import any more than they do, how can you explain the fact that they do not come in and get more of your trade than they do?

Mr. GARY. Business has been very good abroad during the last two years, up to a comparatively recent period; at least most of the time. That would account for it in a large measure. Then, when business is dull over there, they would dump here, if they could, just as all countries do.

Mr. CLARK. It could not be possible that you estimated the cost of the American pig too high and the cost of this foreign pig a little too low, could it?

Mr. GARY. No; not intentionally.

Mr. CLARK. I did not say intentionally.

Mr. GARY. I think our figures are accurate during this last summer.

The CHAIRMAN. Where do you get your foreign figures?

Mr. GARY. We had two men travel through the country this year visiting the furnaces and mills and going into that question very carefully, getting well acquainted with the local people, and while they may have been deceived at any place, I think not. In 1899—that is a long time ago—I was at the furnaces and mills at Neunkirchen, where I found the lowest cost of manufacture, and I do not believe I was mistaken there. If not, they were making basic iron at that point at that time for $6.50.

Mr. COCKRAN. Was that the time Mr. Schwab testified that things were so cheap in this country? Mr. Schwab fixed 1898 and 1899.

Mr. GARY. Not in 1899; it was before that, I think. Still, I do not know.

Mr. CLARK. It was about 75 cents or a dollar a ton difference in this European price laid down in New York and your price, was it not? That is, they get in here 75 cents or a dollar cheaper than you do?

Mr. GARY. Very much cheaper; more than that difference.

Mr. CLARK. We have it over and over here before this committee that if you give the foreigner the slightest profit imaginable he will send all the stuff he has got over here.

Mr. GARY. Of course, I do not like to characterize any other person's testimony, but that would seem to be an exaggeration, if it covers the whole period.

Mr. CLARK. That is what I thought.

Mr. GARY. At times that is true, but it is not true all the time. Every man gets the most he can for his product at particular times.

Mr. CLARK. Certainly.

Mr. GARY. When business is dull, they do in Germany what we do here—to keep their mills running and the men employed, they dump the surplus.

Mr. CLARK. I am glad you confirm my opinion about the correctness of this other theory that has been broached here so often.

Mr. GARY. I am only giving you facts as I understand them.

The CHAIRMAN. For a period of five years some of the manufacturers of iron and steel threw their books open to the Bureau of Corporations for examination by experts, allowing them to look at their balance sheets, and so forth, regarded by the companies as confidential, so far as each individual company was concerned, whatever figures they gave. Do you care to say whether your company did that or not?

Mr. GARY. Gave the figures to whom?

The CHAIRMAN. To the Bureau of Corporations.

Mr. GARY. We did; we were the leaders.

The CHAIRMAN. What is that?

Mr. GARY. We were the first to do it.

Mr. CLARK. You do not know if the same experts examined into the steel question who examined into the beef-packing business and came back here and reported that they only made 98 cents on a steer?

Mr. GARY. I know they were not the same.

Mr. CLARK. I hope they were not. [Laughter.]

Mr. GARY. Mr. Clark, the examination in our case occupied a period of, I think, two years.

The CHAIRMAN. Five years.

Mr. GARY. Nearly three years, and we furnished all the assistance we could. I think it was thoroughly done.

The CHAIRMAN. You were allowed to go over the work with the department men and test it, I suppose, to see whether their work was correct or not?

Mr. GARY. No; we have not been allowed that; probably we will be allowed that.

The CHAIRMAN. I understood that the steel expert would go over the work with the clerks from the Bureau of Corporations, and that they had access to the books, the balance sheets, and the cost of these individual items?

Mr. GARY. That is true.

Mr. CLARK. Not any reflection on you or your company, but I was just wondering what kind of arithmeticians they had up there in that Bureau of Corporations when they got to the steer question, because I do know something about that.

The CHAIRMAN. Let us keep out of that steer question.

Mr. CLARK. Very well.

Mr. GARY. They have very competent men. I do not know any more than you do what the conclusion is.

The CHAIRMAN. You have stated without any reservation that your company was examined with the others. I want to say to you that the total aggregate of the output of pig iron of the companies—there were certain companies examined, including yours—was 93 per cent of the total output in this country, and that the average cost of pig iron for the five years, including 1902 and 1906, was $14.01 a ton. The report gives the items in detail from beginning to end.

Mr. GARY. Including depreciation? Does it include depreciation and overhead charges and administration charges?

The CHAIRMAN. I will read you the items it does include: "Net total metallic mixture, coke, limestone, labor, steam, materials in repairs and maintenance, supplies and tools, miscellaneous and general works expenses, general expense, relining and renewals, depreciation, 39 cents," which is within a cent of what you put it; so I suppos you confirm the depreciation.

Mr. UNDERWOOD. What was the total?

The CHAIRMAN. $14.01.

Mr. GARY. Of course, the basis is different, evidently. The cost last year, which I have given, must be considerably in excess of the cost this year, because when the mills are running full the cost is less, as one can see. In those figures they certainly could not have allowd any profit to the mining company, to any of the mining companies.

The CHAIRMAN. I should infer they did, perhaps; I am not disputing you. Of course, you are testifying, I am not; but I should infer that they did allow the profits on the coke and on the iron ore.

Mr. GARY. Have you got, for instance, the cost of the ore in the furnace?

The CHAIRMAN. Yes.

Mr. GARY. What is the cost of the ore?

The CHAIRMAN. Net total metallic mixture, $3.97; total, $7.30; coke, $3.37; total, $3.89.

Mr. GARY. That is for 1902 to 1906, inclusive; that is the average for the whole time?

The CHAIRMAN. Yes.

Mr. GARY. The cost of ore has been materially increasing right along, Mr. Chairman, very materially increasing, largely because of the reduction in metallic ore, the percentage of metallic ore in the ton of iron mined.

The CHAIRMAN. I know you stated that and said it was very slight.

Mr. GARY. For that particular year.

The CHAIRMAN. It is not large according to your figures, as I understood them this morning. Of course I could not repeat the figures given this morning, but I noticed at the time; I thought the percentage was very small.

Mr. GARY. It is very much larger now than it was in 1902.

The CHAIRMAN. It says here:

> The item of labor does not include, for much of the tonnage, the labor in unloading raw materials and in producing steam, which some companies include in the cost of raw materials and in the item steam.
>
> The tonnage covers 93 per cent of the Bessemer pig iron made in the United States during the period.

The item of labor is put down at 77 cents, and, of course, when steam is put down at 12 cents, I understand that includes the cost of labor in making the steam, and so on with the other items, the cost of labor in the making of coke and producing iron ore and all the way through. Taking that into consideration, in connection with your statement this morning that the cost to your company was $2 less per ton for pig iron than that of the other companies—by the way, what percentage of the pig iron did your company turn out during those five years?

Mr. GARY. I can not give it for five years, but I can give it for some period. Our percentage last year was 41.7 per cent of the whole.

The CHAIRMAN. How does that compare with 1902, for instance; did it increase it?

Mr. GARY. No; our percentage has been decreasing a little.

The CHAIRMAN. Decreasing?

Mr. GARY. Yes.

The CHAIRMAN. Then it was greater during this period of five years?

Mr. GARY. Yes.

The CHAIRMAN. Do you think it would average 50 per cent?

Mr. GARY. No; 45, I presume. About 45.

The CHAIRMAN. Then the other companies were producing 48 per cent, so that you were producing not quite half of what the other companies were. Your company, with the other six, produced 93 per cent of the entire output?

Mr. GARY. Yes.

The CHAIRMAN. If you produced 45, of course the others produced 48, or a little more than you produced in the aggregate, and of course it would be fair to deduct from this general average about $1 per ton, because of the advantage which you had, showing that your total cost of production of pig iron during this period would be $13, or very close to that. Are you able to say whether that is correct?

Mr. GARY. No; I am not. The figures I have given here for last year are accurate, on the basis which I have given them.

The CHAIRMAN. I want to ask you this question in that connection: You stated that the cost per ton of pig iron was larger this year because of the smaller production, and of course that is quite obvious, and there has been quite an addition to the cost per ton during this last year over a period of high production like 1907. You have not the figures here to show the cost per ton before 1907?

Mr. GARY. No; I have not, prior to that.

The CHAIRMAN. The committee desires that you go back to 1906 as a normal year, 1907 being a boom year and a year of large importation of everything, because the people could not get enough of what they wanted and were willing to pay the foreign prices for the article and we had such large importations, abnormal importations; 1906, we calculate, was a normal year, and of course figures on that would be more acceptable. I blame myself somewhat for not writing you to that effect, although you are here under subpœna, but it would be, perhaps, more to the point if you had the figures for 1906, and still we are not entirely without them, because this statement from the Bureau of Corporations includes the year 1906. We do not regard the present conditions, under the present conditions of the industries of the country, as the determining factor in fixing the amount of the tariff.

Mr. GARY. That is right; I think that is right. But we will be glad to give you, Mr. Chairman, the figures for any year, all these years, and also give you the bases, so that you can determine how they are made up.

The CHAIRMAN. Have one of your assistants make up a statement for the year 1906, attach his affidavit to it and send it on, with regard to these matters, and we will go over it.

Mr. BOUTELL. Do you want the calendar year or the fiscal year?

The CHAIRMAN. The calendar year.

Mr. BONYNGE. The figures that you gave this morning were for 1907?

Mr. GARY. Yes.

Mr. BONYNGE. Not the present time, but for 1907?

Mr. GARY. They were 1907; all 1907.

Mr. BONYNGE. But not for the present time?

Mr. GARY. No.

The CHAIRMAN. Everything was higher in the steel business, even, than it is now?

Mr. GARY. Yes.

The CHAIRMAN. Now, Judge, coming down to the making of steel rails, or up to it, how much pig iron does it take to make a ton of rail? What does the iron cost necessary to make a ton of steel rails, including the waste?

Mr. GARY. The manufacturing cost is on that basis which I gave with reference to the pig iron.

The CHAIRMAN. For 1907?

Mr. GARY. 1907; the cost of pig iron and scrap used, exclusive of depreciation, was $15.06 per ton of iron.

The CHAIRMAN. $15.06?

Mr. GARY. Yes.

The CHAIRMAN. And the waste is how much?

Mr. GARY. I can not answer that.

Mr. UNDERWOOD. You have excluded your waste in the cost that you give?

Mr. GARY. Yes; I think so. The waste is in the conversion.

The CHAIRMAN. Will you not repeat that last answer? Mr. Dalzell did not get it, and I did not understand it.

Mr. GARY. The cost of pig iron and scraps, the manufacturing cost of pig iron and scraps used, exclusive of depreciation, was $15.06 per ton of iron. I think you mean to ask me what the cost of the iron is in a ton of rails.

The CHAIRMAN. Yes; the total cost of pig iron in a ton of rails.

Mr. GARY. I have not any such figures, Mr. Chairman; I have made up the cost of rails.

The CHAIRMAN. Then give us the items of the cost as you have made it up.

Mr. DALZELL. The cost of rails made by what process, Bessemer?

Mr. GARY. Bessemer. This is the way our cost of rails is made up, Mr. Chairman: We start with the cost of pig iron and scrap used, exclusive of depreciation, $15.06; the conversion cost, pig iron to ingots, $2.88; ingots to rails, conversion cost, $3.22; depreciation, 84 cents.

The CHAIRMAN. Eighty-four cents?

Mr. GARY. That includes the iron and the steel both, the whole depreciation, you see; I did not include the depreciation in the iron cost.

The CHAIRMAN. The depreciation in this item is 16 cents, but by depreciation of the iron you speak of what is called "waste" here?

Mr. GARY. No; the depreciation covers the rails and the iron.

Mr. UNDERWOOD. You mean the amount of iron that is burned up in the process?

Mr. GARY. No; wear and tear.

Mr. COCKRAN. Wear and tear of machinery and plant?

Mr. GARY. Yes; furnaces and converters and mills. Then the administration and taxes, 81 cents.

The CHAIRMAN. What do you make the total?

Mr. GARY. Twenty-two dollars and eighty-one cents.

The CHAIRMAN. The average cost was $22.23 for this factory during that period of which I spoke, including 1907.

Mr. GARY. The basis, of course, is different; it must be.

The CHAIRMAN. I think that you have included the item of taxation, which is not included in this estimate; I can not set it out from any of these items.

Mr. GARY. I think there is a difference, too, in the profit to the mining companies; there must be.

The CHAIRMAN. I suppose the same rule holds good, that your company produces at least $2 a ton cheaper than your competitors?

Mr. GARY. Of course it does hold true that we can manufacture cheaper than our competitors.

The CHAIRMAN. The difference is as much as $2?

Mr. GARY. Yes.

The CHAIRMAN. So that your lower price was included in this table made up by the Bureau of Corporations?

Mr. GARY. Apparently.

The CHAIRMAN. The lowest cost reported of any company for any year was 1905, $19.33; the average cost for 1905 was $21.30. That

difference would be $1.97. That would be within 3 cents of your two-dollar business.

Mr. GARY. That must be giving credit to the manufacturer to some things that do not belong to him.

Mr. COCKRAN. What might they be, for instance?

The CHAIRMAN. I am told that the experts were detailed to make these examinations and that they spent more than a year and had a sufficient corps of clerks and had expert steel men to help them in the accounts. But coming to your last answer, will you tell me what you think might be excluded?

Mr. GARY. The profit of the mining companies, for instance.

The CHAIRMAN. You do not think for an instant that your corporation omitted that from your books, do you?

Mr. GARY. No.

The CHAIRMAN. But this was taken from your books, so that it would look as though it were excluded?

Mr. GARY. It might not be made up in the same way, Mr. Chairman.

The CHAIRMAN. The other factories might not have done that.

Mr. GARY. The figures which you give, in my judgment, represent the cost to our corporation; that is, it excludes all these items of cost, and if those are our figures, that is the basis.

Mr. DALZELL. These are the average figures of seven companies.

The CHAIRMAN. What percentage of the steel rails did you produce during the five years from 1902 to 1906, inclusive?

Mr. GARY. I think I have those figures somewhere—about 50 per cent.

The CHAIRMAN. This statement includes seven companies which produced more than 93 per cent, so that in that you would have more than 50 per cent as the average; but while you should only be a dollar under the general average, if your steel costs $2 less a ton, it would seem you would be $2 below.

Mr. GARY. I do not think our rails cost $2 less than the others, from the manufacturers' standpoint, probably.

The CHAIRMAN. It would look as though, from the statement from your books, that it costs a good deal more than $2 less from this comparative statement that is made.

Mr. GARY. I have not seen the figures.

The CHAIRMAN. Have you any objection to the Bureau of Corporations giving over to us what was submitted to them originally as confidential, the results which they obtained?

Mr. GARY. Do you mean for use by this committee?

The CHAIRMAN. I will be perfectly fair with you. I will not undertake to keep the secrets of any such thing from the public. I do not know: there are a good many men who think the public ought to know anything that this committee does, and it is very hard work to keep a secret within the committee. Of course, I refer generally to the enterprising newspaper men. It is a part of their business; I am not complaining of them, but I can not promise you that they will not ever get into print.

Mr. GARY. I will answer that in the negative. We have no objection.

The CHAIRMAN. You have no objection. All right; that is sufficient. We can get that information, then, from the Bureau of Cor-

porations, and after it is printed in the record, if you desire to make any correction in the statement, or any comment upon it, it will be entirely fair that you should do so. Of course you will have an opportunity to do that.

Mr. GARY. I do not know what that may lead to as affecting our business relations with one another, but during the last year we have been pretty frank with one another anyhow, but we have got to stand, and that will be my position; we have to stand on the merits of the proposition, whatever the merits may be, based on actual figures.

The CHAIRMAN. I am in hopes that it will lead the other companies to give up the same information to the committee. I would judge from what Mr. Felton, the president of the Pennsylvania Steel Company, said in his hearing before the committee that possibly he would not be adverse to it. I think perhaps it may open up the whole subject, and the committee want to get all the information they can, Judge, from first hand; that is our object in pursuing these inquiries.

Mr. GARY. Of course the business man can see there is some objection to a manufacturer making public the costs relating to his production, because that not only extends to this country but to every other country, and while we have that with reference to some of the products abroad, we have not got it with reference to a good many, and we are doing business at neutral ports with foreign countries. Still your question is such that I do not see how we can very well answer except to allow it.

The CHAIRMAN. I am obliged to you for the concession, and I want to say to you that I can see how, from your standpoint, your company of all others might well afford to give up the secrets to the committee and give us the information which we desire.

Mr. GARY. I am very certain it will be found on a careful examination of our figures, which any member of the committee is at liberty to make at any time and place he desires, that on the basis which we have determined as right our figures are strictly accurate. If not, it is because of mistake.

The CHAIRMAN. Have you figured on all the products of the steel company—tin plate, and so forth?

Mr. GARY. The leading ones, anyhow.

The CHAIRMAN. Tin plate?

Mr. GARY. Yes, sir.

The CHAIRMAN. And you make cast-iron pipe, do you not?

Mr. GARY. No; we do not. We make steel pipe. We do not make any cast-iron pipe.

The CHAIRMAN. You do make steel pipe?

Mr. GARY. Yes.

The CHAIRMAN. Have you the figures in such shape that you can file them with the committee so that they can examine them, and if later they want further information, we can either ask you or some man familiar with the figures to come over here and give us such information on the figures as we desire?

Mr. GARY. Yes.

The CHAIRMAN. I think, so far as I am concerned, I do not want to ask you any more questions at this time, except one. I have a final inquiry with reference to the royalty on the ore in the bed. As I

understand it, you pay 85 cents a ton to the railroad company, and that includes royalty, the whole price that you pay for the ore?

Mr. GARY. Yes; the Great Northern, except, Mr. Chairman, interest is added to that every year at the rate of 4 per cent so as to make it on the basis of paying that in cash now.

The CHAIRMAN. What do I understand, that you do not actually take the ore now?

Mr. GARY. No; it may extend over a very long period of years, a very large quantity of ore.

The CHAIRMAN. You are required to take so much a year?

Mr. GARY. Yes.

The CHAIRMAN. Not less than so much?

Mr. GARY. Yes; or pay the royalty.

The CHAIRMAN. Not less than a specified amount a year?

Mr. GARY. We must take out a minimum or pay on that basis.

The CHAIRMAN. You have to pay for the minimum amount, the royalty each year, and when you do pay, you own it; that is, your own iron ore in the ground?

Mr. GARY. That is right.

The CHAIRMAN. I do not see how the matter of detail of interest comes in very well.

Mr. GARY. It comes in in this way, that if we only had to pay 85 cents per ton when we took it out, if we did not take it out for twenty years it would make very cheap ore.

The CHAIRMAN. If it is made upon the ratio you indicate in your contract, I do not think you are losing much of that 4 per cent interest.

Mr. GARY. That is what we hope.

The CHAIRMAN. It looks a good deal that way to a disinterested outsider.

Mr. GARY. That is right.

The CHAIRMAN. Of course, you are not charging anything for what the lead-ore miners call amortization? You are not charging that on this 85-cent ore, not adding 40 cents for that, are you?

Mr. GARY. No.

The CHAIRMAN. That did not enter into your figures—I thought your assistant was telling you.

Mr. GARY. No, my assistant is suggesting that we are spending large sums of money developing these mines, and of course we have to charge to take care of that.

The CHAIRMAN. Is that 40 cents a ton?

Mr. GARY. Oh, no.

The CHAIRMAN. That is not the amortization charge?

Mr. GARY. No; foreign countries have the amortization charge, but we do not.

The CHAIRMAN. You do charge that on your other ore, ore you did own, as a part of the cost of the ore at the rate of 40 cents a ton?

Mr. GARY. Yes.

The CHAIRMAN. Have you any knowledge of whether that charge goes into the cost of the German or the English ore you have been speaking of?

Mr. GARY. It does, as I understand it.

The CHAIRMAN. At the same rates?

Mr. Gary. I do not know about that; I can not answer.

The Chairman. That is all.

Mr. Clark. Do you have any information who imported that word "amortization" into our vocabulary?

Mr. Gary. No.

Mr. Clark. I would like to find out. To get back to the steel question, how much do you say steel rails cost you?

Mr. Gary. Twenty-two dollars and eighty-one cents, made up in the way I have stated.

Mr. Clark. Your whole price for American consumers of rails is $28 a ton. That is true, is it not?

Mr. Gary. Yes; that has been the price for the last six or seven years.

Mr. Clark. Now, is it true that the United States Steel Corporation absolutely fixes the price of steel rails and of other steel products of the United States?

Mr. Gary. Certainly not.

Mr. Clark. How did it happen that they all got on to this $28 price?

Mr. Gary. The $28 price started, I think in 1899. That was the result of conferences and discussions between the steel makers as to what would be a fair price, and perhaps more or less talk with the railroad companies. Since that time the steel manufacturers have adhered to that price as a fair price. The manufacturers have no regular meetings, have no agreements, and have no way of fixing that price, but I doubt if any one of them would change the price without telling the others he was going to change it. The price has seemed to all concerned to be fair and reasonable, and the adherence to that price, in my judgment, is the result of knowledge and information on the part of all in regard to the business of each. In other words, publicity of each one's business.

Mr. Clark. Publicity to each other or to all of them?

Mr. Gary. All of them.

Mr. Clark. To all of us, everybody; do you mean the publicity to the men engaged in manufacturing or do you mean publicity to everybody, the public in general?

Mr. Gary. Publicity in regard to prices, of course, is to everybody.

Mr. Clark. Certainly.

Mr. Gary. But as to the individual business, to each other and to the railroads. As an illustration, you know there was great agitation concerning the quality of steel rails during the last year or two, and so much had been said by way of criticism in the newspapers and magazines that some of the rail users, some of the railroad presidents, were asking us to improve the conditions, to make a better rail, and they were making some complaints. In fact, some complaints of Mr. Harriman and others were published, whereupon we called a meeting of all the rail manufacturers and the presidents of all the leading railroads. They met in my office, and we there went over the whole subject-matter of the manufacture of rails, the cost of rails, the analysis, the treatment; that is, the process in the mills; and since that time have had frequent conferences with them in regard to these, and as a result have produced a somewhat improved rail; and the cost of some of the railroad companies, who are specifying a special analysis or test, will be larger than the $28, and I think I can not state it any

more accurately than to say that the adherence to this price is the result of this knowledge by those interested in the subject in regard to the business.

Mr. CLARK. If you want to; that is, if the United States Steel Corporation wants to fix the price of steel rails in this country at a given figure, have you not such a hold on these independent operators that not a single solitary one of them would dare to mark under your price?

Mr. GARY. I think, as applied to steel rails, that is probably true. That is, I believe if our people should say to the independents, "We are going to make a lower price," I believe the others would follow suit. Mr. Clark, that is a fair and a frank answer, and the reason I say that is that at times, when the demand has been very great, the other manufacturers have frequently said to us that they wanted to increase the price, they could just as well get more, and we have said, "We will not change our price," and as a result they have adhered to theirs. I think it works both ways.

Mr. CLARK. You are all making over $5 a ton on steel rail sold to American railroads?

Mr. GAINES. Would you not insist upon an answer? I do not think Judge Gary did answer your question, which was whether they did not have such a hold on all the other companies producing steel rails that none of them would dare to mark their prices under the price fixed by the steel corporation.

Mr. CLARK. I thought he did answer that.

Mr. GARY. No; I do not think I did answer that question at all. We have no hold whatever upon them, and they would dare do anything they pleased. Of course, that is dealing technically in language, but I suppose you meant to ask me whether or not our influence with the trade was not so great as to give us the power to fix the prices.

Mr. CLARK. I did.

Mr. GARY. I think there is quite a difference. They are under no obligations to us whatever, directly or indirectly.

Mr. CLARK. I understand they are under no obligation to you except the obligation of fear.

Mr. GARY. Of course, if we make 50 per cent of the business and we should reduce our price to $26, or any other amount, they would not expect to get any business at a higher price, at least what they would consider their fair proportion at a higher price, until our mills were filled. That is true of all industries.

Mr. CLARK. Now, you are all making over $5 a ton on steel rails, as I understand it?

Mr. GARY. It is not that.

Mr. CLARK. It is the difference between $22 and something and $28, is it not?

Mr. GARY. While the price is $28, that is reduced by the seconds; that is, if the first-class rails and the seconds fell at a little less the price, say, is $27.50, not to be accurate as to figures, and $22.80; you see, that does not leave $5. That is for the risk of business and the interest on our capital invested.

Mr. CLARK. The reason I asked that question was to lay the foundation for another. Suppose you take it into your heads—that is, the United States Steel Corporation—to mark steel rails up to $30 a

ton. These independents and you and the rest are all making over $4. Do you think there is an independent maker of steel rails in the United States who would dare to undertake to keep his product below $30 a ton if you marked yours up to $30?

Mr. GARY. Of course I would have to guess at that answer. I am inclined to think they would mark theirs up if we marked ours up first; I believe so; I may be mistaken.

Mr. CLARK. One other question. I do not want to be impertinent——

Mr. GARY. Not at all; it is proper.

Mr. CLARK. Suppose this case; suppose you did conclude, for any reason, no difference what, to mark yours up to $30, and one of these independent concerns thought it had a good opportunity to make money, and it held its at $28 or marked them down to $27, have you not such a hold on the American market that you could immediately mark yours down to $20 or $25 long enough to put that fellow clear out of business, and then mark yours up again to where you wanted it?

Mr. GARY. Quite likely; that may be true. I will not say that is not true. I will not say that in the competition we could not drive a good many of our competitors out of business.

Mr. CLARK. Now, another thing.

Mr. GARY. It is not because of our hold on the market.

Mr. CLARK. What is it, then?

Mr. GARY. It is because of our abiilty to produce cheaper, and because of our ownership in the independent concerns, such as the railroads, the steamship lines, and so forth, which gives a large credit from the United States Steel Corporation's standpoint.

Mr. CLARK. That amounts to the same thing in the end, exactly, does it not?

Mr. GARY. Well——

Mr. CLARK. Now, with regard to the first question—that is, that you absolutely dominate the steel market in the United States.

Mr. GARY. Oh, no; that is very much out of the way. During the last year, when business was dull, a great many people, not the majority, but a great many of the smaller producers, have sold at prices less than our prices, less than the prices of the majority, and have taken business that belonged to the others in the sense of being old customers, and so forth. It is the man with the small price who can pretty nearly dictate.

Mr. CLARK. He can dictate if he has money enough.

Mr. GARY. He can dictate so long as he lasts; so long as he keeps within his cost or a little above his cost. Of course, if we were in competition in defense, and that is the only competition I believe in—speaking for myself—that is, destructive competition—if we were in destructive competition in self-defense, of course we would mark down to pretty nearly our cost, and the result would be that the competitor who could not manufacture as low as we could would go out of business in the course of time.

Mr. CLARK. Now, if he was obnoxious enough to you, you could mark down temporarily with perfect impunity below your cost to get rid of him, could you not?

Mr. GARY. No; I do not think we could. I do not think we are as poor business men as that. We might do it in some particular

instance or as to some particular commodity for some time, but that is the theory, so far as we are concerned. During the last year we have been tempted to put some prices pretty low to meet certain competition, but of course the effect upon our workmen and the effect upon business conditions generally would have been such, in our opinion—in my opinion, at least—that we lost some business we ought to have had.

Mr. CLARK. You do not want any steel war, of course, if that is what that amounts to?

Mr. GARY. We do not want any war that would affect trade conditions generally, Mr. Clark. I consider that as more important during the last year. I consider the action of the steel people more important to be considered, in connection with general business conditions, than the condition of the steel trade.

Mr. CLARK. When the government statistics show that in 1902 the average price of steel rails was $27.65, and in 1903 $28.07, the little variation is due to these seconds, and so forth, as you call them.

Mr. GARY. Yes; I think so. I think the basis of price was the same for those years.

The CHAIRMAN. That is, the freight; that might be a variation in freight?

Mr. GARY. Yes; that might be.

The CHAIRMAN. That is taken out of the cost of delivery?

Mr. GARY. Yes.

Mr. CLARK. Now, all the large steel products of your mills pay about the same profit as steel rails, such as plates, and all that?

Mr. GARY. Some pay more.

Mr. CLARK. Do any of them pay less?

Mr. GARY. Yes; I think so; certainly at times. The prices of no other commodity have been uniform like steel rails, as I remember.

Mr. CLARK. Your selling price for the United States is $28 a ton. What is your selling price abroad?

Mr. GARY. For 1907, the last figures made up, the price of export rails was, on the average, about 22 cents per ton higher than the domestic price.

Mr. COCKRAN. How much higher?

Mr. GARY. Twenty-two cents per ton.

Mr. COCKRAN. Higher?

Mr. GARY. Yes.

Mr. UNDERWOOD. Is that at the factory?

Mr. GARY. Yes; at the factory.

Mr. CLARK. What was it in 1906; how did it run?

Mr. GARY. In 1906 it was $24.08.

Mr. CLARK. Higher?

Mr. GARY. No; that would be lower, you see—$28.04 at the mill.

Mr. CLARK. That was $3.92?

Mr. GARY. The average of the domestic was $27.52; therefore that would be $3.46 lower on the export.

Mr. CLARK. In 1905?

Mr. GARY. In 1905 there was a still greater difference. The export price was $20.98, or a difference of——

Mr. COCKRAN. Seven dollars and two cents.

Mr. GARY. No; $20.98 deducted form $27.37.

Mr. COCKRAN. That would be $6.39, would it not?

Mr. GARY. I presume so.
Mr. CLARK. In 1904?
Mr. GARY. I have not gone back that far.
Mr. CLARK. Was there generally more difference or less difference, do you think, back for ten years?
Mr. GARY. Ten years?
Mr. CLARK. Beginning in 1897; we have got into the habit of beginning there.
Mr. GARY. I should think fully as much as the figures I gave you.
Mr. CLARK. You sell all of your steel products abroad, as a rule, cheaper than you do at home?
Mr. GARY. Sometimes we do. I think maybe I can give you the figures on the average for 1907.
Mr. CLARK. We would be glad to have them.
Mr. GARY. The average mill price per ton received for exported materials was $7\frac{1}{2}$ per cent less than the average price for domestic shipments.
Mr. CLARK. Now, you sell this stuff that you ship abroad at a profit, do you not?
Mr. GARY. We do; yes; our company, some of the companies we own, have, at times, shipped at less than profit, I think, taking into account depreciation and administration charges, and all that sort of thing. But it is a fact that manufacturers at times export at prices down to or below cost.
Mr. CLARK. Why do they not reduce the price for the domestic consumer so as to use up this surplus?
Mr. GARY. That probably would not be the result.
Mr. CLARK. There would not be any result?
Mr. GARY. I say that probably would not have the result of increasing the domestic sales. As a rule, the consumers supply their demands at the best price they can get.
Mr. CLARK. Certainly.
Mr. GARY. Then, reducing the price would not increase the quantity, and therefore you would have the same surplus.
Mr. CLARK. There might be somebody around who wanted to use steel who was prohibited from using it by the higher price.
Mr. GARY. There might be, but I think that would be exceptional.
Mr. CLARK. A good many railroads in the United States, at one place or another, at places out West that we call jerk-water places, or something of that kind, are still using iron rails, that would be glad to use steel rails if they could get rails at the prices they are able to pay for them.
Mr. GARY. How much are they able to pay?
Mr. CLARK. I do not know. They might be able to pay $20 or $22 or $24, or $25 per ton.
Mr. GARY. I think not.
Mr. CLARK. If they could get them as cheap as these foreigners get them, it would make a good deal of difference.
Mr. GARY. I do not think any railroad company able to pay $22 or $25 for rails has gone without rails because the price was $28.
Mr. CLARK. Of course that is a case where there are only practically a few consumers, but you take the price of steel generally, structural steel and all these other steel products, and do you not

think the difference that you have stated there would make a good deal of difference in the amount consumed in the United States?

Mr. GARY. I do not think so, Mr. Clark; of course, I may be mistaken.

Mr. CLARK. I know.

Mr. GARY. I think the question should be approached from the other standpoint, as a matter of opinion; that is, I do not think a manufacturer ought to be allowed, on account of tariff laws or anything else, to charge or receive more than a fair return on the value of his property and the amount of business done. I think that is where you ought to start. Now, if he does not charge more than that price, then he should not be compelled to sell at less than that price, that is, the fair price, and in that case, if he can keep that price down to a fair basis by exporting the surplus, by dumping the surplus, it seems to me that is good business, and works to the benefit of the domestic user, because it reduces the total cost of production on the part of the mill which runs full, keeps the men employed, and as a total result is beneficial. I think it is the same argument that every man in every kind of business uses in disposing of his surplus. So I think this tariff question—I speak to you because of your peculiar position, and I am not making any tariff speech—but I think in some way the manufacturer ought to be restricted to fair dealings with the public on the basis I have suggested, without the introduction of tariff laws or anything else that might be very harmful to some of the industries and to the working people. That is my theory. I am speaking as an individual, Mr. Clark.

Mr. CLARK. Have you any idea how that thing could be accomplished?

Mr. GARY. Personally, yes; I have.

Mr. CLARK. I would like very much to hear it.

Mr. GARY. Now, I am binding myself only.

Mr. CLARK. I understand.

Mr. GARY. Publicity and government control.

Mr. CLARK. What is that?

Mr. GARY. Publicity and government control.

Mr. CLARK. Government control of the railroads and other industries?

Mr. GARY. Yes; government control as distinguished from government management. I am not talking about that; I think that would be a failure. But I believe in thorough publicity on the part of corporations, railroads, and manufacturing concerns, and I believe in the Government having some way of controlling the manufacturer within reasonable bounds. I think this tariff question should be determined at the point where real protection leaves off and opportunity to oppress begins. Our theories must be alike, it seems to me.

Mr. CLARK. Just exactly.

Mr. GARY. Therefore it is only a question of figures.

Mr. CLARK. I agree with you thoroughly in that statement you have made. Now, I want to ask you right on that. You make over $4 a ton on a ton of steel rails that costs $22 a ton?

Mr. GARY. Yes, sir.

Mr. CLARK. In round figures; I am not counting the cents. That is a dividend of 20 to 30 per cent now?

Mr. GARY. No; you have left out the investment; the cost of the investment is very large.

Mr. CLARK. I know, but my understanding has been all the time that you have been talking here to-day on the basis of counting in every item of expense.

Mr. GARY. Not interest on our investment.

Mr. CLARK. Why did you not start out with that as one of your basic facts?

Mr. GARY. We could not get that; we are not getting that, in my judgment, Mr. Clark, on the fair basis of the value of our total investment; we are not getting an adequate return, it seems to me. And I think our figures will show that. I believe we shall do it.

Mr. CLARK. Not getting an adequate return now?

Mr. GARY. No.

Mr. CLARK. Do you know how much profit you are making?

Mr. GARY. On the value of the property?

Mr. CLARK. Yes; the real value of the property.

Mr. GARY. Of course there is involved the question of real value. I would have to give you my opinion, my figures, and, if you please, the reason for my figures.

Mr. CLARK. All right; we would be delighted to hear them.

Mr. GARY. Did you happen to read the article published in the June number of Munsey's Magazine on our corporation?

Mr. CLARK. No; I was too busy doing other things in June and July. [Laughter.]

Mr. COCKRAN. Who is the author?

Mr. GARY. Mr. Munsey.

Mr. COCKRAN. Munsey wrote it himself?

Mr. GARY. Munsey wrote it himself.

Mr. CLARK. What number is it? I will get it myself, unless you put it in the record.

Mr. GARY. I will put it in the record.

Mr. COCKRAN. That is the best way.

Mr. GARY. I am perfectly willing to put it in the record.

The CHAIRMAN. You are sure it is not copyrighted?

Mr. CLARK. If you give him credit for it, he will be glad to have it in the record.

Mr. COCKRAN. It can be put in subject to any copyright.

Mr. GARY. This is the result of an independent examination by Mr. Munsey concerning the values of our properties. He gives the properties in detail, and his valuations, and if anything I would say that it is a little high, but not very much too high, and certainly properties could not be reproduced for anything like that; in fact, it would be impossible to reproduce them at any price, perhaps, some of them.

Mr. COCKRAN. Could you tell us the amount at which he values the property—that is, the whole value?

Mr. GARY. $1,782,187,383.

Mr. COCKRAN. Does he include in that good will of any kind, or is it naked property?

Mr. GARY. No; naked property. He gives the details here, itemized.

Mr. CLARK. Does he state there anywhere how much that property cost you?

Mr. GARY. No; he does not.
Mr. CLARK. He did not know?
Mr. GARY. Of course he did not know. I do not know.
Mr. CLARK. You do not know?
Mr. GARY. I do not know. I know, so far as the mills and railroads and all the physical properties are concerned, what it would cost to reproduce them, of course.
Mr. CLARK. Yes; and what other cost is there, besides the mines?
Mr. GARY. The raw products are a very important item. We have an immense tonnage of raw products to make of the very best kind.
Mr. CLARK. Of course.
Mr. GARY. They could not be reproduced at any price, but they have a value based on the cost to us of some properties in cases where we have had opportunities to buy.
Mr. CLARK. Now, unless Mr. Munsey or Mr. Anybody knew what your properties cost you, simply knowing what the properties are worth now, his conclusions about how much profit you have made since the United States Steel Corporation was affected would have very little value, would they not?
Mr. GARY. I do not know whether I quite understand.
Mr. CLARK. Here is what I say. In order to ascertain fairly how much money the United States Steel Corporation has made, you would want to know three things. In the first place——
Mr. GARY. He does not go into the question of how much we have made. That is only a valuation of our properties; nothing else.
Mr. CLARK. That would be practically worthless, that fact standing out by itself. If you or I or anybody else knew how much the properties cost you, and we knew how much profits you had distributed, in one way or another, and then knew how much your properties were worth, we could come to a rational conclusion as to what you really had made during the life of this United States Steel Corporation.
Mr. GARY. I have all those figures. I can give you all those figures.
Mr. CLARK. I will be very glad to have them.
Mr. GARY. There is no dispute about that.
Mr. CLARK. Well, how much are you making?
Mr. GARY. Coming back to your original inquiry——
Mr. CLARK. Yes.
Mr. GARY. If this represented the value of our properties; assuming that it does for the sake of the question——
Mr. CLARK. Yes.
Mr. GARY. Then I say the profits we have realized from year to year have not been adequate and have not been a fair return on the investment. Now, our ore products, the raw products, perhaps, ore and coal and so forth, did not originally cost anything like their valuation, but they are really worth that at the present time; and in my answer, therefore, I assume that we are entitled to the same return which you would be entitled to if you purchased a piece of real estate to-day for a million dollars and held it five years and were able to sell it for $2,000,000; you would be entitled to the return on the $2,000,000, regardless of what it cost you originally.
Mr. CLARK. I would have made a million dollars, though, in the transaction, and that is what I am trying to get at with you. How

much are you making? You say you are not getting an adequate return. How much profit are you making?

Mr. Gary. The increase in value you would charge as a part of the profits?

Mr. Clark. I undoubtedly would if I were estimating how much you are worth when you organized and how much you are worth now, so as to get at what you have made.

Mr. Gary. But what becomes of a man's risk in investment?

Mr. Clark. Every man takes a risk.

Mr. Gary. If you buy a piece of property you are entitled to, say, 4 or 5 per cent annually on that property. Now, if it increases in value year by year, it seems to me you are entitled to that increase in value in addition, as against the risk you take in buying that property. It might have gone the other way.

Mr. Clark. Why, certainly; that is all true.

Mr. Gary. That is all I am saying.

Mr. Clark. But coming back to your own proposition; now, that I thoroughly agree with you about, that if it was possible—and I hope somebody will have ingenuity enough to work it out—to restrain people from making undue profits, then you have got to count in what you make.

Mr. Gary. That is, increases in value?

Mr. Clark. Why, certainly. Suppose a case, now. Suppose a corporation organizes with a million dollars capital, and that it takes $500,000 of its profits and invests them in outside property which increases in value; then, is it not fair to count the increase of that property in with your total profits?

Mr. Gary. If it is property outside of your business, and you have realized on it, perhaps—well, I would say no, in answering the question; I do not think that would be a part of your manufacturing profit at all. The profit you would get I think is the return for the risk of your investment, which risk every man takes.

Mr. Clark. Take your own case. You get hold of these lands up there from the Great Northern at practically a royalty of 85 cents. Suppose circumstances worked out so that the iron you pay 85 cents for in the ground turns out to be worth $10—I do not suppose it will, but suppose it might?

Mr. Gary. Yes.

Mr. Clark. Do you not think that the difference between $10 and 85 cents ought to be counted in in the profits you are making?

Mr. Gary. Manufacturing profits?

Mr. Clark. Yes; the profits of the United States Steel Corporation.

Mr. Gary. Certainly not: certainly not.

Mr. Clark. Of course I would charge against the corporation a loss if it made a poor investment. I think that is what ought to be. Now, is not this possible, under your theory, then, that a corporation that starts in with a million dollars might reinvest its profits on the side and get to be worth a billion, and still declare small dividends to the stockholders all the time?

Mr. Gary. Certainly; certainly. If the corporation acts within the domain of its power, and acts fairly and openly with its stockholders and takes the risk of making an investment, I think it is entitled to the benefit of that, if there is a benefit, independently of

its manufacturing profit. I think it is exactly the same as your investment in real estate. If you buy a piece of ground in the city and put a building on that ground that costs you a million dollars, you are entitled to 4 per cent return on that, annually, on your investment; and if values of property in that neighborhood increase from year to year, and as a consequence new investments like that bring a higher yield, a larger percentage, you are entitled to a rental which will pay 4 per cent on the actual value of your property, or on the amount which you could realize if you sold. Otherwise, it seems to me, it would be a good idea for you to sell it and invest in something else, if you have got to the point where the increase has ceased.

Mr. CLARK. That is what I would do, if I could.

Mr. GARY. Certainly. That is outside of manufacturing returns, it seems to me.

Mr. CLARK. Now, can you tell how much profit you are making?

Mr. GARY. You mean in what way?

Mr. CLARK. I mean this United States Steel Corporation. I do not care a straw how it makes it—that is, for the purposes of this inquiry.

Mr. GARY. I do not figure increases in value.

Mr. CLARK. Will you please state how much you are making, without figuring the increases in value?

Mr. GARY. Yes; I can give you those figures, and I can tell you how much this valuation is that is given, in the manner I have stated, over and above the estimate we put of the value, the value we estimated these properties to have at the time the United States Steel Corporation was organized.

Mr. CLARK. Very well.

Mr. GARY. I can give you that. That is represented by its capital stock and bonds.

Mr. CLARK. Well, how much is it?

Mr. GARY. I think these figures will cover it. Since we were organized, in the beginning of 1901, we have paid out in interest; that is, from our earnings we have paid out in interest $180,711,000. We have paid out in dividends $262,354,600. We have carried to surplus $97,645,000, and we have paid out for construction $163,694,000. That has returned to our properties through expenditures for extensions and improvements of 1.7 per cent on our capitalization annually, and on account of interest on debt and dividends 4.6 per cent, and added to surplus 1 per cent, making a total on our capitalization per annum of 7.3 per cent.

Mr. COCKRAN. On your total capitalization?

Mr. GARY. Yes.

Mr. CLARK. That accounts for all you have got. When you started this capitalization were you connected with the corporation yourself?

Mr. GARY. Yes; that is, I assisted in the organization. I was connected with the organization of the United States Steel Corporation, and before that I was president of the Federal Steel Company.

Mr. CLARK. These properties that were put in to make up the United States Steel Corporation, were they put in at a fictitious value, or were they put in at the real value?

Mr. GARY. They were put in at what we believed was the real value.

Mr. CLARK. How much is it capitalized for?

Mr. GARY. The preferred stock is $360,281,100, par value. The common stock is $508,302 500. That is the capital stock.

Mr. CLARK. How much dividend is guaranteed on the preferred stock?

Mr. GARY. No dividends are guaranteed, but the stock is 7 per cent cumulative; that is, the 7 per cent must be paid before anything is paid on the common stock, annually.

Mr. CLARK. Did not the preferred stock represent really the valuation of that property?

Mr. GARY. No; it did not.

Mr. CLARK. Is the common stock paying anything?

Mr. GARY. It is paying 2 per cent.

Mr. CLARK. As a matter of fact, did not the preferred stock represent the value of the property and the common stock represent what in popular parlance is called "water?"

Mr. GARY. No; it did not.

Mr. CLARK. And you have only made 3½ per cent?

Mr. GARY. What?

Mr. CLARK. You have only made 3½ per cent profit?

Mr. GARY. Oh, no. No; we have paid on all this stock 7.3 per cent.

Mr. CLARK. I know; that is the preferred.

Mr. GARY. I mean we have earned that. We have paid 7 per cent on the preferred. We paid 4 per cent on the common stock for three years and then suspended for two years, and since then for two years have paid 2 per cent.

Mr. UNDERWOOD. What interest are you paying on your bonds?

Mr. GARY. The bonds of the United States Steel Corporation are $480,199,000, and the rate of interest is 5 per cent.

Mr. COCKRAN. Will you include both classes of bonds?

Mr. GARY. Yes. The capitalization would be $480,199,000 of bonds of all classes, $360,381,100 of preferred stock, and $508,302,500 of common stock.

Mr. COCKRAN. I see.

Mr. GARY. And then the subsidiary companies have bonded indebtedness.

Mr. COCKRAN. How much would there be of the subsidiary bonded indebtedness?

Mr. GARY. $125,346,000.

Mr. COCKRAN. That is $1,475,000,000?

Mr. GARY. $1,474,028,000.

Mr. COCKRAN. Practically a million and a half?

Mr. GARY. Yes.

Mr. CLARK. Do these subsidiary corporations make more profit than the parent corporation?

Mr. GARY. The parent corporation is not an operating corporation at all. It gets its income from dividends declared by the subsidiary company, except it gets interest on money loaned and things of that sort.

Mr. CLARK. Suppose you were to subtract from this estimate of Munsey's—if that estimate of Munsey's is anywhere near right—the

real value of your property when you put it in, and then were to convert the difference, whatever it is, into profits and distribute it, how much do you suppose that would increase this 3 per cent and an odd fraction of a per cent profit?

Mr. GARY. What do you mean by 3 per cent?

Mr. CLARK. I may have been mistaken, but I understood you to say that you were making a little over 3 per cent profit.

Mr. GARY. No; it is 7.3 per cent annually.

Mr. CLARK. Seven and three-tenths per cent?

Mr. GARY. Seven and three-tenths per cent annually.

Mr. CLARK. Suppose that to the 7.3 per cent you were to add whatever the difference was between your property when you acquired it and what Munsey estimates it at—if Munsey is anywhere near correct—that is, convert that into a per cent and add it to the 7.3 per cent, where would you come out?

Mr. GARY. I have not any figures on that. Of course figures speak for themselves.

Mr. CLARK. Yes.

Mr. GARY. As a matter of fact, we have put large sums of money into new properties, some of which have increased in value over and above the values of our properties when we took them over, and the other portion of which has been necessary to take care of old properties which have become obsolete. Of course that is the trouble with manufacturing business. We have abandoned, dismantled, stripped a great deal of property. Manufacturing property wears out very rapidly. And then the methods change. We are now, as you know, going into the open-hearth process very largely. We are obliged to do it for certain reasons; first, because the demands of trade require it, it being supposed that for some things, at least, the open-hearth process is better, that it produces better steel, and for another reason, and more particularly, because of the changes in the quality of our ores, which are becoming poorer from year to year, lower in iron and, perhaps, higher in phosphorus. We are making over our properties, so to speak, and abandoning the Bessemer process and increasing the open-hearth process, so as to keep that parallel with the changed and changing conditions of the iron ores, so that when we take the ore out of the mine from time to time, instead of separating it at large cost and setting the Bessemer ore aside and abandoning the poorer ore for the present, we can use it all as it comes out. Now, that involves very large expenditures, and therefore a great deal of this money has been made necessary.

Mr. CLARK. The money that is put in you have first taken out, have you not? You do not borrow it? The moneys you put into these new properties were not made out of an original investment?

Mr. GARY. Yes, that is true; but are counted as profit in my figures to you. That is included in the 7 per cent.

Mr. CLARK. Has it been the general experience that a mine gradually peters out the deeper you get, in quality? Of course that is a common colloquial expression, but a very expressive one.

Mr. GARY. It depends upon the range and the location of the ore. Some is irregular and some is in pockets; but it is not entirely uniform. You take a large mine; suppose, for instance, we uncover, as we have done in places, a great many acres, stripping the earth, as

we call it, from the ore, so that we can shovel the ore from the mine to the car. Now, we have exposed a very large area of iron ore. That is, perhaps, more or less in streaks.

Mr. CLARK. Yes; of course it is.

Br. GARY. Under our old practice, when the ore was cheap and seemed to be plentiful, it seemed the most reasonable thing for the miner and manufacturer to do was to select the best and leave the other, and in that way we could get all the Bessemer ore we needed. But as the business of the country has grown, there has not been enough of that, and we have been obliged to use the other, and a great deal of that other can be utilized only by taking very great pains. We want to use it up.

Mr. CLARK. If you were to run across a deposit equal to the Iron Mountain you would get right at this business now.

Mr. GARY. There are no more of those. We have searched pretty thoroughly.

Mr. CLARK. I know; you never did find anything like it.

Mr. GARY. No.

Mr. CLARK. I understood you to say, and I know that Mr. Schwab said—of course I am not trying to play one against the other—that the railroads did not object to paying this price of $28 a ton.

Mr. GARY. That is true of him, or it is probably true of him, because he sells his rails to the railroad companies whose tracks go by his mills, and who get large sums of money from him in the way of freight.

Mr. CLARK. What would the railroads out in that part of the country say to that proposition, do you suppose, in Missouri? Do they really want to pay $28 a ton?

Mr. GARY. This is what they would say: "If $28 is a fair price, taking everything into account, we will pay it, and, if not, we will do better if we can."

Mr. CLARK. But they can not.

Mr. GARY. They can if they can satisfy me that $28 is too much on them. They can, as far as our company is concerned.

Mr. CLARK. It would take a good deal of argumentation to do that, would it not?

Mr. GARY. Well, yes. Of course, I have expressed my opinion.

Mr. CLARK. Yes.

Mr. GARY. And I believe, taking our investments into account, the risks of the business, and so forth, that is a fair price; but I think it is enough, and I have stood against any increase in it at times when we could just as well have gotten a higher price, as you know, probably.

Mr. CLARK. I take it for granted, now, to tell you the truth, that you can get what you want.

Mr. GARY. Well.

Mr. CLARK. But the secret of the railroads not objecting to this price of $28 a ton is that they simply shove that $28 a ton off onto the shoulders of the people who patronize the railroads. Is not that true?

Mr. GARY. Oh, no; no.

Mr. CLARK. They have recouped on us? That is a practical proposition.

Mr. GARY. No. Do you think the railroads are charging the passengers too high rates?

Mr. CLARK. I do; and I think the Pullman Palace Car Company is charging them twice as much as they ought to. I never had a pass on a Pullman car in my life, and I pay for what I get, and I think that the railroads would be better off universally if they charged 2 cents a mile instead of charging 3 and holding the rates up.

Mr. GARY. I do not think so, but you may be right.

Mr. CLARK. You may be, too, now. Suppose this committee and Congress were to cut down the rate on steel one-half, would it affect your business a particle?

Mr. GARY. The United States Steel Corporation?

Mr. CLARK. Yes, sir.

Mr. GARY. I can not answer that. I do not know.

Mr. CLARK. You do not want to volunteer or, rather, I will say, venture, an opinion here?

Mr. GARY. Intentionally I would not want to say anything that would hurt any of our competitors who are entitled to be in business. I think, Mr. Clark, that the manufacturer of this country who is justified in continuing in business should be protected against the foreign manufacturer who can manufacture at a less cost. I think that is only fair. I think that is for the best interests of this country, and I think that condition, and that condition only, is what has made the prosperity of this country. If that condition should be changed I think you would be back to the times and conditions when the laboring man's wages were very materially reduced, when strikes all over the country were in existence; and I believe that Germany and some of the other foreign countries which are thoroughly protected, and will be thoroughly protected, will get a decided advantage. That is my opinion, so far as that question is concerned.

Mr. RANDELL. What is the time you are referring to?

Mr. GARY. The period following the passage of the "Wilson bill," so called.

Mr. CLARK. They had the worst strike that ever was had under the McKinley bill, did they not?

Mr. GARY. When was that?

Mr. CLARK. The Homestead riots, when Pinkerton had his army down there and they killed people. It was in the summer of 1892.

Mr. RANDELL. My purpose in asking the question was to get the actual time.

Mr. GARY. They had a pretty bad strike there. I remember that; but I am not familiar with it, and can not answer your question. I speak of general conditions. I think there is no doubt about wages being very much lower and therefore strikes much more frequent during the period when the Wilson bill was in force. The wages of the men at South Chicago during that period were about 90 cents per day, as I remember it, and at the present time they are $1.60 per day.

Mr. CLARK. I will ask you another question. Do you not think that the facilities which American citizens have had for going out and getting hold of a piece of land and being independent, taken in connection with the labor unions, has had a great deal more to do

with putting up the price of labor in the United States than all the tariffs that have been passed since the flood?

Mr. GARY. I do not think so. I think to the contrary. We have, as a rule, no union labor, as you perhaps know. We are at peace with our men generally. Large numbers of them are holders of our shares. They are prosperous and contented, as a rule. When the panic occurred a year ago, and the question of reducing wages came up, when it seemed to a great many to be inevitable, following the precedents of the past, that wages should be reduced, we stood out pretty strongly against any reduction, and said we would not consent to it unless we were driven to it.

Mr. CLARK. I think you are to be congratulated on that. But you have not answered my question, and that is whether if this tariff were cut in two you would not still be able to ball these foreigners out and control the American steel market, or, rather, dominate it? I would rather use the word "dominate" than the word "control."

Mr. GARY. I tried to answer that by saying there might be one answer as applied to the United States Steel Corporation——

Mr. CLARK. That is the one I want.

Mr. GARY. And another as applied to outsiders. If there should be such a horizontal cut as that, I think it would certainly be very damaging.

Mr. CLARK. How would it strike you?

Mr. GARY. The United States Steel Corporation is pretty strong and could stand reduction, I have no doubt, and still prosper.

Mr. CLARK. It is really stronger than the Federal Government, is it not?

Mr. GARY. No; we are so weak in comparison with it that, so far as I am concerned at least, I would not do anything disapproved by the Federal Government.

Mr. CLARK. You are in better financial fix than the Federal Government. You have no deficiencies in your revenues, have you?

Mr. GARY. No.

Mr. CLARK. And the Government, as I understand it, is running behind about $10,000,000 a month.

Mr. GARY. It has been more extravagant in its expenditures, made necessary by a great many political exigencies not necessary for me to refer to.

Mr. CLARK. I wish you would refer to them.

The CHAIRMAN. Especially the Spanish-American war, of which my friend was one of the chief promoters.

Mr. CLARK. And that is one of the things I am willing to answer for until the day of judgment.

Mr. GARY. The Federal Government should not hesitate to expend money, even if it has to borrow it. All patriots believe that.

Mr. CLARK. Suppose that Congress should wipe out these duties entirely, the United States Steel Corporation would still survive, would it not?

Mr. GARY. I do not know that I would like to answer that question. In the first place I do not know, and therefore can not answer it with certainty; but I have an impression that if we did we would have a monopoly of the business in this country.

Mr. COCKRAN. That is about what you have now.

Mr. GARY. No, sir; far from it. If you should hear some of these people talk, you would not think so.

Mr. CLARK. What I want to get at is this: Whether the United States Steel Corporation, through natural advantages and acquired properties is not in a condition to dominate the American steel market against the world, tariff or no tariff?

Mr. GARY. No, Mr. Clark; I do not think it is. That is, I do not think we could make any fair or reasonable profit on our investment, or on the value of our property, on such a basis.

Mr. CLARK. Suppose we take the tariff off from ores and pig iron.

Mr. GARY. You should not ask me that question. We are not interested particularly in them, it seems to me. I think you should call on men who are interested in that question, and who are better capable of speaking about it than I am. I submit that you should not ask me any question that could be interpreted to have the effect of injuring any of our competitors, even if it does not injure us at the same time.

Mr. CLARK. But when we had your competitors here we had to operate on them with a corkscrew because they seemed to be so afraid of giving any information which might injure you. To tell you the truth about it, Mr. Schwab and yourself are the two men who have come before this committee who have been willing to answer the questions that were asked them.

Mr. GARY. It was not because they feared to injure us.

Mr. CLARK. But because they were afraid you would injure them?

Mr. GARY. No; it was because they were afraid of injuring themselves, perhaps. I do not know about that. I am not familiar with their testimony; but there is no doubt that many of the independents labor under a disadvantage.

Mr. CLARK. Certainly they do.

Mr. GARY. Is not this merely a question of figures, if you can ascertain accurately what the figures are? I will start out with the proposition on which the questioner and the witness agree, as I understand it; that is, that protection means protection, and does not mean any more than what is necessary for protection. It does not mean the fostering of any particular industries to enable them to get an unreasonable price. Is not the whole question, after all, determined by figures?

Mr. CLARK. Certainly it is.

Mr. GARY. That is, when you find out the cost abroad, the cost here, the facilities for supplying the markets, taking into consideration the disposition of the foreigners to protect their own countries thoroughly, so as to keep us out of there, and the disposition to dump their surplus here, is it not a mere question of figures? Germany is exporting four or five million tons annually at the present time. She has a big surplus. You know the disposition of Germany, for instance, to sell abroad at prices very much less than she sells at home. If our costs are such that she can sell in this country at less than the producing cost here—that is, if she will sell at such a cost—does not that determine whether the industry here needs protection? I would like to give you one or two figures with reference to one or two items merely by way of illustration. During the last four years a substantial tonnage of rails has been sold at different times on the

western coast of this country at $31.50, or about that, duty paid, and on the Gulf of Mexico at $30.50, or about that. Now, the freight rate from our nearest mill to the western coast is $15 a ton, and to the Gulf of Mexico and New Orleans about $7 a ton. To meet those sales our people must sell at less than cost and at considerably less than cost. That applies more or less to some other commodities, depending upon the state of trade abroad.

Mr. CLARK. I can not understand, to save my life, why, if you can ship this stuff to Europe, Asia, Africa, and the islands of the seas and sell in open competition with all mankind in a free-trade market, you could not hold this market, tariff or no tariff, against all comers.

Mr. GARY. Does it follow that because a grocer sells his brown sugar below cost, or because a dry goods man in the spring cleans his counters at less than cost, that he ought to sell his whole product at the same price?

Mr. CLARK. No.

Mr. GARY. It is the same thing. This is the surplus.

Mr. CLARK. No; it is not the same thing. These people are handling perishable stuff, and they get rid of it and have got to get rid of it.

Mr. RANDELL. They sell it to their home people.

Mr. CLARK. Yes; they sell it to their home people. I want to state for myself that I do not believe there is a single man on this committee or in the House of Representatives or in the United States Senate who has the slightest desire to injure any American industry.

Mr. GARY. I believe that.

Mr. CLARK. I know that is my feeling about it, and I think I reflect the feelings of my fellows.

Mr. GARY. I believe that is right. I sincerely believe it.

Mr. CLARK. This committee has to revise this tariff, and wants to work out the exorbitant features of it. I want to get it down to a revenue basis, and if I could discover the revenue basis for steel, I would vote for it; but I know, as every man who has any common sense knows, that whenever he votes for a given revenue tariff, whether he wants it to work out that way or not, pro tanto it is a protective tariff.

Mr. GAINES. You have told us about the difference between the domestic price and——

Mr. GARY. May I interrupt you one moment, because a thought is in my mind, and I desire to give one fact in regard to a commodity, which is important, and in line with this other inquiry. It relates to tin plate and sheets. At the present time they are produced in Wales and London at about $5.32, which is less than the cost to us, and that represents the difference in wages paid to the men, the labor element being large as to those commodities. So that if we should make our costs as low as their costs, we could only do it by cutting the wages of our men about these mills in half—that is, making them one-half as large as they are at the present time. I think I am perfectly accurate in those figures. I mean to be.

Mr. COCKRAN. You do not think you could cut the wages of your labor in half? You would get no men to work for you at all, would you?

Mr. GARY. No; if it applied to only one commodity.

Mr. COCKRAN. That is what I am speaking of.

Mr. GARY. No; I do not think so. They would work for some one else.

Mr. COCKRAN. You have to keep the wages up to get them to work at all?

Mr. GARY. We would go out of the business then, perhaps.

Mr. GAINES. You have told us about the difference between the domestic price of steel rails and the export price of steel rails in this country for the years 1907, 1906, and 1905. Can you tell the difference between the export and domestic price in other countries for the same years?

Mr. GARY. I can for the present time. I have not got it for other years.

Mr. GAINES. I would like to have it for the present, and then, if you will be kind enough to furnish it, I would like to have you send the figures for the other years.

Mr. GARY. On German rails the domestic price is $29.02 and the export price is $22.20. In Great Britain the domestic price is $27.98 and the export price $23.61. In France the domestic price is $33.33 and the export price $25.69. In Belgium the domestic price is $27.45 and the export price $22.50.

Mr. GAINES. When you furnish the figures for the other years, I would be glad if they extended back for a period of ten years, if possible.

Mr. GARY. It would be very difficult to get it as to the foreign prices. I will give it as far as I can get it; but it has been very difficult to get that information. That which I have has been obtained with difficulty.

Mr. GAINES. In connection with that, may I ask you whether it is true that the German Government, through the ownership of railroads, aids its manufacturers in the matter of exporting more cheaply to other countries than they sell at home?

Mr. GARY. It does, very much.

Mr. GAINES. Have you any facts or any foreign publications which would throw light on the question of foreign governments favoring the practice of selling abroad cheaper than they do at home?

Mr. GARY. I am not certain whether I can get anything or not; but I will try to do so.

Mr. GAINES. It has seemed to me rather remarkable, in view of the extent to which we are told foreign manufacturers do ship out of their own country and sell cheaper than they sell at home, that we seem not to have access to any foreign government publications which bring out the fact just as a similar practice in this country is being brought out now.

The CHAIRMAN. Have you asked him to give the costs abroad?

Mr. GAINES. No.

The CHAIRMAN. He may have some figures as to the cost of rails abroad.

Mr. GARY. I did give the cost of iron and cost of conversion; and the percentages just about keep up.

Mr. GAINES. I understood that you were to furnish these matters of cost with reference to the several stages of manufacture.

Mr. GARY. I want to say to you what you probably already know, that it is quite difficult to get any information abroad in regard to these matters. I believe some of the government officials have been

trying to get information relating to costs during the last year, and have not succeeded very well; but I may be mistaken. If the Government has succeeded, of course we would all be delighted. We would like very much to know in detail about their costs. We do know by experience, in meeting them in competition at various times and places, that the German Government does a great deal to assist its own manufacturers in every way. It encourages all sorts of combinations, syndicates, etc., as they are called.

Mr. DALZELL. Does the German Government pay a bounty to the steel industry?

Mr. GARY. It does not at the present time, except in the way of low freights.

Mr. DALZELL. Bounties are paid to the steel industry in Canada?

Mr. GARY. Yes.

Mr. DALZELL. Do you know what those bounties are?

Mr. GARY. I have not the figures before me. There is one thing which I think is important for tariff makers. You know Canada has a countervailing tax, or a dumping tax, which is really a great thing. If Germany, for instance, is proposing to dump its products in this country at any time because business is dull, there ought to be such a tax as would prevent them selling here more than 5 per cent below the price they get in their own country. In that case, you see, you would protect this country against dumping.

Mr. CRUMPACKER. Then you would not need so high a rate of duty.

Mr. GARY. No; in that case you would not.

Mr. UNDERWOOD. Do you not think that, under the trade conditions of the world, it is advisable for us to write a minimum and maximum tariff by which we can force concessions from other countries?

Mr. GARY. Amongst manufacturers there is some difference of opinion about that, but personally I would favor it. I may not be well enough posted to be competent to speak on the subject, but I have thought favorably on that subject. Some people think we would be in trouble all the time; that it would be so indefinite and so subject to changes in the conduct of business that it would make it impracticable. You gentlemen can answer that question very much better than I can, because you have studied it and you are experts, while I am not. My opinion, however, is favorable to a maximum and a minimum tariff.

Mr. COCKRAN. With relation to the profits of your company, concerning which Mr. Clark questioned you, let me call your attention to what Mr. Schwab said in an answer to me during the giving of his testimony. I was inquiring into the original capital of the Carnegie Company, which, as you know, is one of the chief elements in your combination.

Mr. GARY. Yes.

Mr. COCKRAN. I asked him how much money was put into the Carnegie Company, and he said: "I can not give you those figures offhand. I will tell you why I can not. I do not know that any of us know. The Carnegie Company was a partnership; it was not a stock company."

Then I broke in on him, and he continued: "And when you ask how much real money was put in the Carnegie Company I can only say that the earnings of the company were put in; none of us had any money to put in."

Then the report reads as follows:

> Mr. COCKRAN. That is it, then; now we have got it.
> Mr. SCHWAB. We developed the company.
> Mr. COCKRAN. So that whatever capital, whatever property was owned by this company was the result of profits paid in the company.
> Mr. SCHWAB. Profit and increase in the value of property.

Now, is that true of all the property taken over by your company?

Mr. GARY. Certainly not; and I do not think it is true as to that company. I think it is a mistake.

Mr. COCKRAN. We will come to that in a minute. So far as these stupendous figures of $1,782,187,383 are concerned, are you in a position to inform this committee how much of that represents capitalized profits as distinguished from the original investment of capital?

Mr. GARY. No; I can not. When the United States Steel Corporation was formed, the original board took testimony in relation to the values of all the property taken over, and those valuations were made up in various ways—upon the possibility or probability of earnings, the cost of producing the mills and furnaces which would have the capacities those companies had, the values of the raw products based on what they were being sold at, and so forth.

Mr. COCKRAN. Of this whole sum of $1,782,000,000, was not $1,000,000,000, at least, capitalized profits as distinguished from original investment?

Mr. GARY. I should have to guess at that; but I should guess yes.

Mr. COCKRAN. So that when you speak of the profits which this industry has yielded, you do not mean to be understood as confining your statement of profits to what have been entered as earnings, but it should also include this vast sum which has been added to the capital?

Mr. GARY. I have done that. I have included that, as I have given you the figures.

Mr. COCKRAN. What I want to call your attention to is this, that when you are speaking of profits the impression naturally made would be that it meant a profit on investment. What I want to ascertain, if I can, is the amount of investment and the amount of profit that has entered into the capitalization.

Mr. GARY. In considering the value of the United States Steel properties, I start out with the assumption that those properties are of a certain value. In determining the profits since the company was organized I take the amount paid as interest on bonds, the amount paid as dividends on stock and the amount expended for new property, and the amount carried forward to surplus.

Mr. COCKRAN. That company itself was a combination of several other companies?

Mr. GARY. That company acquired, by purchase, properties belonging to these other corporations at a certain price, namely, the amount of their bonds and stocks.

Mr. COCKRAN. And those companies which it purchased were themselves consolidations of several other companies, were they not?

Mr. GARY. Some of them were, at least.

Mr. COCKRAN. The Federal Steel Company was?

Mr. GARY. Yes.

Mr. COCKRAN. The American Bridge Company was?

Mr. GARY. Yes.

Mr. COCKRAN. And the Steel and Wire Company?
Mr. GARY. Yes.
Mr. COCKRAN. And the American Tube Company?
Mr. GARY. The National Tube Company; yes.
Mr. COCKRAN. And the Tin Plate Company was?
Mr. GARY. Yes; the Tin Plate Company was.
Mr. COCKRAN. Let us take up one of them—the Federal Steel Company. You assisted in the organization of that, did you not?
Mr. GARY. Yes.
Mr. COCKRAN. What companies were combined in that, if you remember?
Mr. GARY. The Illinois Steel Company was one.
Mr. COCKRAN. Do you remember what the capitalization of that company was?
Mr. GARY. No; I do not remember now. I have forgotten. It seems to me the stock and bonds were about $32,000,000.
Mr. COCKRAN. What other companies do you remember that were combined into that company?
Mr. GARY. The Lorraine Steel Company.
Mr. COCKRAN. Do you remember what that was capitalized for?
Mr. GARY. No; I do not. I think it was $10,600,000.
Mr. COCKRAN. Were there any other companies in it?
Mr. GARY. Yes; the Minnesota Iron Company.
Mr. COCKRAN. How much was that capitalized for?
Mr. GARY. I don't remember that.
Mr. COCKRAN. At about how much were the constituent companies which were taken into the Federal Steel Company capitalized?
Mr. GARY. I should think the capital stock and bonds of those companies exceeded considerably the amount of stock issued by the Federal Steel Company, which was about $100,000,000.
Mr. COCKRAN. Then the capitalization of the Federal Steel Company was a reduction of the total capital?
Mr. GARY. Yes; I think it was. Its capital stock was $200,000,000, but we only issued about $100,000,000. I would be glad to give those figures. I may be mistaken, but I believe I am right.
Mr. COCKRAN. If what you say is correct, and of course it is because you speak from knowledge, it tends to explode a very general idea that each of those companies was accompanied by a large inflation of stock, and that then the inflated stock of these various organizations was brought together in the United States Steel Company and still further increased.
Mr. GARY. You call it inflation.
Mr. COCKRAN. I will call it increase, so as not to use any adjective in regard to it.
Mr. GARY. All of these companies are issuing additional stock all the time for improvements.
Mr. COCKRAN. I will come to that.
Mr. GARY. I understand your point. I think you are right as to that company.
Mr. COCKRAN. You will give us the information as to just what that amounts to?
Mr. GARY. Certainly.
Mr. COCKRAN. When you finally came to form the United States Steel Company I understand that you capitalized it at $1,475,000,000,

and that there is, according to your figures now, a profit already of about $307,000,000—that is to say, it has increased in value from $1,475,000,000 to $1,782,000,000, and that increase, as I understand you, represents the investment of earnings in new buildings, in the expansion of your plant, and the increase in the value of your ore properties and real estate.

Mr. GARY. Yes.

Mr. COCKRAN. Assuming that valuation to be a fair and reasonable one, the amount over and above your original capitalization is represented by increase in value and additional value put into the property by the expenditures of money out of the earnings, amounting to $166,000,000?

Mr. GARY. I gave the figures.

Mr. COCKRAN. You put it at $163,694,000 in new buildings and $97,000,000 in surplus.

Mr. GARY. Yes.

Mr. COCKRAN. The balance of the increase is the increased value of the property?

Mr. GARY. Yes.

Mr. COCKRAN. And not due to anything that you have done, but to the general increase in values all around.

Mr. GARY. It is not hardly fair to us to say it is not due to anything we have done.

Mr. COCKRAN. I say it so as to accept your own view in the most liberal sense, because I am willing to concede that if you have a building here in Washington and are doing business in it and the value of that building doubles it would double just as much if you were not in the steel business at all, and is not, therefore, chargeable to the profits of the steel business. That is your position, and I agree with you. But the money you put back into new enterprises are undoubtedly the profits of the steel business. That is what I want to separate.

Mr. GARY. I separated them in my figures—that is, I included one and excluded the other.

Mr. COCKRAN. I agree with your classification of it. I understood you to say, in answer to Mr. Clark, that you are able to face any competition that may possibly arise in this country so far as you are concerned, but that you are apprehensive of the effect upon your competitors.

Mr. GARY. I have not said that, Mr. Cockran. I have not answered that question. I do not know, and I prefer not to answer it.

Mr. COCKRAN. Just conceive for a moment the position of the committee and your position. We are here discussing the amount of protection—that is to say, of tax that ought to be levied on the community for the protection of this industry—and if the chief factor in that protection is not able to say how much is necessary, it would be difficult for us to decide that it is necessary at all, for you would not have us impose a tax on suspicion.

Mr. GARY. As a fair-minded citizen I would have you impose a tax which would protect our competitors, even if we did not need it.

Mr. COCKRAN. I have no doubt whatever about your sensitiveness and care for your competitors. I am not addressing my question to your sensitiveness, but to your knowledge and to your business. I want to know whether your steel company would continue to do busi-

ness without any protection, merely and entirely as a matter of business.

Mr. GARY. Of course I can not say certainly.

Mr. COCKRAN. You would not say you could not?

Mr. GARY. No; I would not.

Mr. COCKRAN. Therefore, so far as you are concerned, you are not prepared to state on your own responsibility as a citizen and under your oath as a witness that any protection whatever is necessary.

Mr. GARY. For the United States Steel Corporation?

Mr. COCKRAN. Yes: so far as the United States Steel Corporation is concerned.

Mr. GARY. No.

Mr. COCKRAN. Now, that is clear. There is just one thing more I want to question you about.

Mr. GARY. Of course I would have to go through the list carefully, Mr. Cockran, before I could answer your question accurately. That might be true of some commodities and not true as to others; that is, it might drive us out of business so far as some commodities are concerned.

Mr. COCKRAN. You are not prepared to name one now?

Mr. GARY. No; the only way that could be determined is to look up the figures of cost.

Mr. COCKRAN. About that, unfortunately, there is a great deal of doubt, because the figures given here in the government returns seem to be so much at variance with the expert figures.

Mr. GARY. This occurs to me: I do not see how we could survive in the sheet and tin-plate business if the tariff is removed. I think we would be driven out of that business.

Mr. COCKRAN. As to that, what tariff is essential to keep you afloat in that business? Do you need the present rate, or would one-half of that rate be sufficient?

Mr. GARY. What is the present rate?

Mr. DALZELL. The tariff is 1.5 cents a pound, which would be equal to 1.2 cents a pound under the Wilson bill.

Mr. GARY. My impression is that the amount which was fixed under the Wilson bill, which was 1.2, would protect us. I think it would.

Mr. COCKRAN. Could you get along with any less?

Mr. GARY. I would not like to say, because I don't know.

Mr. COCKRAN. I suppose you would be willing to admit that this is a fair principle on which to charge a tariff, that in the absence of very satisfactory evidence of necessity for the imposition of a tax, the tax ought not to be imposed. I am speaking now from a protective point of view, to which I do not agree at all, but which I am willing to concede is the policy of this bill.

Mr. GARY. Yes; but I think the responsibility of getting that evidence and of being certain is just as great or greater with the Congressmen than it is with the manufacturers. That is what I think.

Mr. COCKRAN. The fact that we are sitting here and probably will sit all through the Christmas holidays, and have given you the trouble of coming here, shows you how anxious we are about it.

Mr. GARY. It is our duty to give you all the information we can; and I am trying to do that.

Mr. COCKRAN. Could we go to a more responsible source for information than to the manufacturers themselves?

Mr. GARY. Yes; but have not I covered the question from the standpoint of my duty, when I say that it does not seem to me it would be safe to make it lower than 1.2?

Mr. COCKRAN. That is to say, you suspect or apprehend that any change below that might hurt you?

Mr. GARY. No; I think that is the consensus of opinion of those who have studied the question very carefully. That seems to be the common belief.

Mr. COCKRAN. You, as the head of this company, can tell whether you could go on making tin plates if we reduced this tariff to 60 cents, which would about cut it in two?

Mr. DALZELL. It is 1.5 now; it was 1.2 under the Wilson bill.

Mr. COCKRAN. Say we cut it down to 75 cents?

Mr. GARY. No; I must confess I can not answer that question.

The CHAIRMAN. Some of the manufacturers came in here and recommended a reduction of 20 per cent. They said that was a sufficient protection for tin plate.

Mr. GARY. I did not know that.

Mr. COCKRAN. That is what these independent manufacturers think, and you say their necessity for protection is very much greater than yours. I would like to get your testimony as to how much you would need, regardless of what these weaker competitors might need.

Mr. GARY. Well, I may be mistaken; but I certainly believe we could stand 10 per cent less than our competitors.

Mr. DALZELL. I do not recall now who made that statement; but it seems to me it was one of your constituent members.

The CHAIRMAN. I think not.

Mr. GARY. There has not been any one of our members here.

Mr. COCKRAN. I think it was one of the Follansbee Brothers.

Mr. GARY. He is a well-posted man. I may be mistaken, and I may do him an injustice; but I believe if he could stand 1.20 we could take 10 per cent off from that and make a fair profit.

Mr. COCKRAN. So that if we regulate this protective duty to the necessities of Follansbee, we would be affording you a luxurious margin?

Mr. DALZELL. And if you regulate it by the United States Steel Company, what will you do to Follansbee?

Mr. GARY. That is right. If you protect our competitors, you leave us more than protection. I say that the United States Steel Corporation ought to take the position of not only making public the conduct of its affairs and business, but of submitting to government control. Now, that is a radical view, and you understand that I am not speaking for the corporation when I say that.

Mr. COCKRAN. I understand that.

Mr. GARY. We have got to come to that, in my opinion.

Mr. COCKRAN. I am questioning you now solely with reference to the effect of the tariff on your industry.

Mr. GARY. Yes; I understand that.

Mr. COCKRAN. I am one of those who believe that you can not make dollars for yourself without making hundreds for the community, provided you make it without any aid from the Government. I would rather see you make it than not, if you make it solely by your

own efforts and not by assistance from or discrimination by the Government. I do not think the Government has any right whatever to interfere with you, because you are not in the position of a corporation exercising a public franchise. Personally I do not think there is any foreign manufacturer in the world who can compete with you, even in a neutral market, much less in this one. That is what I am seeking to find out now. I do not want you to think that when I am questioning you as to profits I am in the slightest degree critical of any profits that can be made by any man through the exercise of his labor and genius, provided it is made without any aid from the Government, because he can not enrich himself without enriching the community more.

Mr. GARY. That seems to me to be a pretty fair statement.

Mr. COCKRAN. I mean to say that you can not make steel cheaper without increasing the welfare of every man in this country. Now, the particular question I put to you is with that object in view. I hope to see hundreds of millions of dollars made by the industry without any assistance.

Mr. COCKRAN. Now, Judge, in answer to Mr. Clark, you said you did not dominate the market. Is it not a fact that if you have competitors to-day it is because you tolerate them? Are you not in a position, if you wish, to compel——

Mr. GARY (interrupting). That is a pretty strong statement.

Mr. COCKRAN. I know it is a strong statement.

Mr. GARY. It is a fact, however, that we have been friendly and of benefit to our competitors, not simply because we are so much better than anybody else, but as a matter of policy. It is good business policy for us to pay heed to the interests of others, including our competitors and our customers, the Government, and the public generally. It is good business policy.

Your question, if I really understand it, answers itself, provided my facts are right—that is, if, in any particular line, by reason of our opportunities, our wealth, our organization, and our ownership of the best raw products, we can manufacture cheaper than our competitors, then with reference to that line we could drive them out of business.

Mr. COCKRAN. You can get your pig iron $2 a ton cheaper than your competitors and you can produce your rails at least $2 cheaper, and therefore you could sell them, say, at 5 per cent profit, while he would be selling at an actual loss and would be hastening toward bankruptcy; so if you have competition it is because of your liberality. Is not that so?

Mr. GARY. Yes; with reference to any line and on the basis of facts which I have given.

Mr. COCKRAN. Take the question of rails. I understood that your explanation——

Mr. GARY. Of course that is true of every line of business.

Mr. COCKRAN. No; it would not be true of any line of business.

Mr. GARY. Take it in the line of business in which there is an element of strength, where some are superior by comparison with others, and, of course, the inferior ones would be driven out.

Mr. COCKRAN. I do not think that would be true without you mention some that could be mentioned where that policy is not pursued and where every independent competitor is given the best chance possible.

There is no disposition in the case of the meat industry, for instance, to do that. There are a number of meat men competing, but no one of them could drive the others out; but in this industry of yours, the steel industry, I understand you to say that all competitors are practically at your mercy for their existence on this account. You control the raw products and you control the means of transportation, and then you have also, I am free to admit, very efficient organization. With those three items there is no person can compete with you if you choose to drive them out. That is true, is it not?

Mr. GARY. Of course your whole question characterizes—and I do not like to do that. You put it so broadly that if I could and should answer it in the affirmative, it would almost seem like boasting. We have competitors, you know, who are just as able to take car of themselves as we are, perhaps, particularly in some lines, but I do believe large numbers would be driven out of business if we were willing to drive them out, either because we thought it was right to do so or good policy to do so.

Mr. COCKRAN. To be perfectly frank about it, there is nobody who could compete with you if you made up your mind to take this market and exercise all your powers to control it?

Mr. GARY. Would you not think it looked like boasting for me to say so, if I believe it? I do not know.

Mr. COCKRAN. No; I do not think so. I do not think so, because, as I say, I think your position in the trade is so pronounced that you can afford to be candid without exposing yourself to the reproach of boasting. I think you can speak the truth about that.

Mr. GARY. I think we have the commanding position in the trade, and I believe we recognize our responsibility to all on account of that position.

Mr. COCKRAN. I think you do. If by any chance the management of this stupendous organization should pass from hands as wise and as prudent and as just as ours into the hands of somebody more reckless and more avaricious and with less foresight, and he should undertake to exercise this province, there is little doubt that for a while, at least, he would have a monopoly of the entire trade and be without practical competition. That is one of the conditions that we are confronting.

Mr. GARY. You are asking for an opinion. Your opinion is just as good as mine.

Mr. COCKRAN. I think it is, on your statement. Now among the conditions, to analyze the conditions that contribute to that situation, an important element is your ownership and control of the ore supply?

Mr. GARY. Yes; of course it is.

Mr. COCKRAN. You practically do control the ore supply of the country?

Mr. GARY. No; not now; not for the immediate future.

Mr. COCKRAN. Well, the ultimate supply?

Mr. GARY. Yes; I think so—that is, pretty nearly. It is not absolute control.

Mr. COCKRAN. Sufficient to make the competitor——

Mr. GARY (interrupting). For instance, take the Woodward Company, just as an illustration—excuse me for being personal—with the capital of their business they have a very large supply of ore,

and it will be a long time before they get out of the business, no matter what comes. They can manufacture——

Mr. COCKRAN (interrupting). That is a small company?

Mr. GARY. Yes; in comparison with ours.

Mr. COCKRAN. This is not the only supply of the world by any means, is it?

Mr. GARY. Oh, no.

Mr. COCKRAN. So if your supply of the world were open to these competitors, and with the advantage of cheap transportation by water, which you discussed a short time ago, they might be able to make a stand for life and liberty?

Mr. GARY. If you remove the duty from ore alone, and it remains so, no doubt that would protect the people here, who will in the future have to buy their ore, against a possible oppression on the part of our corporation. That is your question, only in my words.

Mr. COCKRAN. That is a perfectly frank answer. It states the situation admirably. Then, so far as the transportation is concerned, you really have not any advantage over your competitor, so long as you exercise your duty as a common carrier in the matter?

Mr. GARY. You are speaking of our company?

Mr. COCKRAN. Yes.

Mr. GARY. No.

Mr. COCKRAN. You have no advantage whatever in transportation, unless you should abuse your duty as a common carrier?

Mr. GARY. No.

Mr. COCKRAN. Of course you could give yourself an advantage?

Mr. GARY. Not under the present régime.

Mr. COCKRAN. I am mighty glad to hear that. That is the first adequate testimony I have heard as to the efficiency of the present inspection.

Mr. GARY. The Interstate Commerce Commission and the railroad commissioners of the various States—take Minnesota, for instance—are very strict in regard to the matter. There would not be much chance for us to discriminate against our neighbors in the matter of transportation.

Mr. COCKRAN. If I may return for one moment to the capitalization of the steel company, for the purpose of fixing these profits, I want to direct your attention to the common stock. For what was that issued?

Mr. GARY. It was issued for the properties which we received—or perhaps I do not understand your question.

Mr. COCKRAN. The total capitalization of the companies that you acquired was not nearly equal to the bonds and preferred stock of the new company?

Mr. GARY. No; some received more and some less. We issued our common stock, I think, in exchange, in some cases at least, for the common stocks of other corporations, and on a basis agreed upon.

Mr. COCKRAN. It was not by any means computed by those receiving it that that stock was worth par or anything of that kind?

Mr. GARY. Yes; it was.

Mr. COCKRAN. How did you manage to give some more and some less? There were $508,302,000. Mr. Schwab said, I think, that Mr. Carnegie declined to take anything but bonds. There were others that took bonds and preferred stock.

Mr. GARY. I do not think anything else was offered to Mr. Carnegie.

Mr. COCKRAN. You paid him a tribute in advance?

Mr. GARY. No; I think the basis of the negotiation was that he should receive bonds and nothing else, and neither side ever considered anything else; and I do not know that either side would have considered anything else at that time. You remember, Mr. Cockran, perhaps better than some of the others, some of the circumstances leading up to the acquisition of the Carnegie property.

Mr. COCKRAN. I was just going to ask to see if Mr. Schwab's statement and yours agreed. As I recall it, that comes back to the price of steel rails, and you have always made it a policy to keep the prices reasonable?

Mr. GARY. Yes.

Mr. COCKRAN. But you are getting very much less profit at $28 a ton now than you did when that rate was fixed?

Mr. GARY. Yes; we are.

Mr. COCKRAN. Mr. Schwab testified that when the rate of $28 a ton was fixed the rails were costing actually less than $14, so the original profit was 100 per cent.

Mr. GARY. That was Mr. Schwab's statement?

Mr. COCKRAN. Yes.

Mr. GARY. He has made his own explanation. They are not my figures, and I have no explanation to make, and I do not know anything about his figures.

Mr. COCKRAN. Quite so.

Mr. GARY. He is a very competent man.

Mr. COCKRAN. His statement was, as I recall it, to see if you agree that when these prices were fixed the price of $28 was fixed when the cost of the article was $14 a ton, and it was fixed by an agreement with a number of producers, among others, your company, the Federal Steel, and the Carnegie Company, and some others.

Mr. GARY. If he made that statement he overstated it.

Mr. COCKRAN. You mean he overstated the amount of profit?

Mr. GARY. No; he overstated the whole thing.

Mr. COCKRAN. Was not there an understanding or agreement——

Mr. GARY. In this way. I will be very frank with you——

Mr. COCKRAN. We are giving you credit with that all through. You have not shown the slightest disposition to dodge the issue.

Mr. GARY. When the steel manufacturers fixed a price for their rails which was uniform, or practically uniform, it was done because two or three individuals said they would recommend to their companies so and so.

Mr. COCKRAN. What do you mean by "so and so?" Recommend what?

Mr. GARY. That whenever they changed their prices of rails they would notify the others and give every other person the same chance; that they would not act independent; that they would come into consultation from time to time whenever it was necessary.

Mr. COCKRAN. Was that after the formation of the Federal Steel Company?

Mr. GARY. Yes, sir.

Mr. COCKRAN. And the steel and wire company?

Mr. GARY. Yes, sir.

Mr. COCKRAN. After these several consolidations that occurred in 1898 and 1899?

Mr. GARY. Yes; and that was the understanding, if you may call it such, amongst a very few individuals, and was not communicated to the companies themselves or the officers or the boards of directors of the different companies or anything of that kind.

Mr. COCKRAN. It was a gentlemen's agreement?

Mr. GARY. It hardly amounted to an agreement, but it resulted about the same, and it ran along for a year or two, and there was a question in my mind whether even that was not a breach of the law, or so close to it that it should not exist; and therefore the meetings were abandoned and they did not meet at all, and those connected with it stated positively they would not be bound by anything, and everyone would have to take his chance, except they said they would furnish information at any time to anybody concerning what they were doing.

Mr. COCKRAN. The net result was $28 a ton as a price?

Mr. GARY. That has been the result.

Mr. COCKRAN. That continued uninterruptedly down to 1901?

Mr. GARY. The price was not $28 then—yes; it was, too.

Mr. COCKRAN. Twenty-eight dollars, Mr. Schwab said.

Mr. GARY. Yes.

Mr. COCKRAN. Now, in 1901——

Mr. GARY. Well, the price of $28 was established by the different ones for themselves in the latter part of 1902. I have the prices of rails from 1896 for every year down to date.

Mr. COCKRAN. But what I want to direct your attention to is this: In 1901 was there not a fear of a steel war coming from Mr. Carnegie's announcement that he was going into the tubing business?

Mr. GARY. Yes; and that he was going to build a railroad from Pittsburg to New York, and so forth.

Mr. COCKRAN. One result apprehended from that was a cutting of prices of rails, among other things, was it not?

Mr. GARY. No.

Mr. COCKRAN. Was not that one of the things apprehended?

Mr. GARY. No; I do not think the price of rails changed.

Mr. COCKRAN. Was not there a fear of a general steel war?

Mr. GARY. Yes; there was a fear, but there was no change in the prices.

Mr. COCKRAN. I do not say there was a change, but a change apprehended?

Mr. GARY. I misunderstood your question.

Mr. COCKRAN. I understand there has been no breach in the price of rails, but I asked this question: Was there not in——

Mr. GARY (interrupting). There was apprehension of trouble.

Mr. COCKRAN. And it was to quiet that apprehension and remove the doubt that the steel corporation was formed?

Mr. GARY. That was one of the governing motives, I think, on the part of Mr. Morgan. It was not mine, Mr. Cockran; not at all.

Mr. COCKRAN. I understand that. I am speaking of the men who formed it.

Mr. GARY. I think I had as much to do with forming it as anyone.

Mr. COCKRAN. From that time down to this the price has never been disturbed, and, as you testified to Mr. Clark, if anybody should

undertake to disturb it now, you are in a position to make it unpleasant for them if you want to.

Mr. GARY. Yes; of course.

Mr. COCKRAN. Now, Judge Gary, this common stock which was issued for property was issued at a very much lower valuation than the preferred stock and bonds—I mean nobody estimated it was worth par?

Mr. GARY. The market did not estimate it so.

Mr. COCKRAN. The concensus of opinion of the men who took it under this distribution did not value it any higher than the market, which was about 10 cents on the dollar?

Mr. GARY. Everyone will have to answer for himself on that.

Mr. COCKRAN. I would like to get the theory of it.

Mr. GARY. This was dominant in my mind, Mr. Cockran, and I was one of the participants, that shares of stock of the old companies, even though selling on the market at a price less than par, as applied to common stock at least, when they were put together, as they would be put together after acquired, would be worth at least par—at least the capital stock which was delivered in exchange for those old shares on the basis of par.

Mr. COCKRAN. You mean the combination itself added to the value of each element that entered into it?

Mr. GARY. Yes; I thought so. I believed that then, and I was just as certain of it as I am now as a result.

Mr. COCKRAN. I believe in that implicitly. I think events have shown it. The United States Steel Company itself added nothing to the property of these various companies?

Mr. GARY. No; except the figures $25,000,000 cash.

Mr. COCKRAN. That was a kind of a guaranty that nobody would be hurt, was it not?

Mr. GARY. No; the syndicate raised that and paid it in cash and turned it over to the treasury of the United States Steel.

Mr. COCKRAN. But they took stock?

Mr. GARY. They took stock; yes, sir.

Mr. COCKRAN. Outside of that, there was not a single building or even a wheelbarrow contributed to the net property of the constituent companies?

Mr. GARY. No, sir.

Mr. COCKRAN. It was the same article as before?

Mr. GARY. Yes, sir.

Mr. COCKRAN. It secured the additional value by the fact of the combination and the additional strength which the corporation gave it?

Mr. GARY. Yes, sir.

Mr. COCKRAN. The common stock to a certain extent was issued against this future value which the company would have by reason of the combination?

Mr. GARY. It was all a part of the same transaction.

Mr. COCKRAN. I suppose it was also a capitalization to some extent of the skill with which the company would be managed, its business management and ability?

Mr. GARY. Really, the increase in the total capitalization to which you refer applies to the securities of the old companies on

the basis of their being put together under one management. Then the new stock of the United States Steel was issued against those old securities, and that increased the valuation.

Mr. COCKRAN. Could you give us about what that was valued at? Judging even by the market values—it was about $400,000,000, was it not—that is to say before they went into the company——

Mr. GARY (interrupting). That is, you mean to say——

Mr. COCKRAN (interrupting). I mean to say these companies before they went into the combination were worth, as a matter of fact, $400,000,000?

Mr. GARY. I presume you are right. I presume the selling value of the old securities was $400,000,000 less than the total amount of all the new securities—stock and bonds. I presume that is so.

Mr. COCKRAN. I think it was a good deal more than that on paper value, but I mean what was the actual value? Could you give us about what it was? Think what the stock of the new company sold at immediately after organization, and what the aggregate of the constituent companies' stock sold at, not immediately before, because they appreciated very much under prospect, but before the company started.

Mr. GARY. I can not answer that, because there was included in these properties the Carnegie property, which did not have any common stock.

Mr. COCKRAN. Oh, yes; they did.

Mr. GARY. They had bonds and stock, but there was no market value for them. They were not on the market at all. They were worth, intrinsically, at that time very much more than the par value, I think.

Mr. COCKRAN. Do you not remember that about that time there was published an option which Mr. Carnegie had given on that property at that time, which was even less than par?

Mr. GARY. And which he took the first opportunity to back out of.

Mr. COCKRAN. Yes; but I mean taking the valuation of the property according to the option which Mr. Carnegie himself gave, that stock was not worth par, was it?

Mr. GARY. I think so.

Mr. DALZELL. This is all very interesting, but how it contributes to the question of determining the proper duty on steel or whether there should be any I do not understand.

Mr. COCKRAN. I am just showing the value of this company.

Mr. DALZELL. You have all the figures there and you are asking for his simple conclusions.

The CHAIRMAN. What difference does it make about his capital as compared with that of other people?

Mr. COCKRAN. It makes a great deal of difference.

Mr. DALZELL. Let him go, Mr. Chairman; perhaps he will get through after a while.

Mr. GARY. Immediately after it was known the United States Steel——

The CHAIRMAN (interrupting). He was almost through when you interrupted him. Let him go; do not interrupt him any further. [Laughter.]

Mr. COCKRAN. O gentlemen, you should not show so much sensitiveness about this little matter. [Laughter.]

Mr. GARY. It may be my fault, but I intend to answer your questions to the best of my ability.

Mr. COCKRAN. I understand that, and I appreciate it. What I want to ask is this, in brief, and I merely mention the option that Mr. Carnegie gave for the purpose of refreshing your memory.

Are you able to state or could you state just what the value of all these constituent stocks was before the beginning of the negotiations for the consolidation of the steel companies and the market price of the steel companies' securities at the consolidation?

Mr. GARY. I could tell you that so far as the companies whose stocks were on the market, but I could not tell you that as to Mr. Carnegie's and, of course, Rockefeller's. Very large quantities of ores and the ships and the railroads up there represented great values, and those stocks were not on the market at all. That price which Mr. Carnegie gave is no test, I think, whatever. He gave it at too low a figure, and discovered it, and he seized the first opportunity to get out of it; and his only source of annoyance now is that he did not make the United States Steel Company pay very much more than it did pay; and Mr. Rockefeller the same—because those two believed the intrinsic value of these properties and these securities would be materially increased by reason of the combination, and now believe that the results have demonstrated their original belief. I do not know whether I have answered your question very clearly or not.

Mr. COCKRAN. I think it is perfectly clear. Now, Judge Gary, suppose steel were put on the free list, do you think it would have any serious effect on the value of these securities?

Mr. GARY. Our securities?

Mr. COCKRAN. Yes.

Mr. GARY. Of course that is another way of asking the same old question.

Mr. COCKRAN. Yes; it is.

Mr. GARY. I do not know.

Mr. COCKRAN. All right. I thank you.

The CHAIRMAN. Gentlemen, the committee will at this point take a recess until 8 o'clock.

(Thereupon, at 6.20 o'clock p. m., the committee took a recess until 8 o'clock p. m.)

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF CORPORATIONS,
Washington, December 14, 1908.

MY DEAR CONGRESSMAN: In reply to the letter of November 25 of the clerk to your committee and in accordance with our conversation of the 11th instant, I inclose herewith a statement as to the costs, prices, and profits of standard rails for the years 1902 to 1906, inclusive, which I showed you on that day. I have made one or two slight modifications, but nothing of importance, in that statement.

I desire to call your attention to one or two points of explanation which are perhaps referred to somewhat too briefly in the statement itself.

(1) The figures on the upper part of page 1 are taken from the profit and loss accounts of the various companies examined by the

bureau. You will note that they give an average cost per ton for the five years, of all the companies examined, of $22.39.

The figures in the lower part of page 1 under the heading of cost items are obtained in a different way, to wit, directly from the cost sheets of the companies themselves and give an average cost of $22.23, a difference of 16 cents in costs on every ton, as obtained by these two methods. This difference, which is very slight, is due to the different sources used in compiling the figures, i. e., accounting as against cost-keeping work in a given company. The same company gets at the same result in two ways and uses often different tonnages in doing so, thus getting a slight variation; and their approximation by the small sum of 16 cents is about as excellent a confirmation as could be desired of the accuracy of the results.

(2) You will note that under "cost items," on page 1, we start with Bessemer pig iron, $14.52." On page 3 we go a step farther back and bring it up to the Bessemer pig iron, starting with the ore. We show here the cost of Bessemer pig iron to be $14.01, a difference of 51 cents between the cost as shown here and the cost of Bessemer pig iron as set forth in the second half of page 1. The difference between these two figures is due to the fact that the Bessemer pig iron figure on page 3 includes all the iron of this sort for all districts, while the figure used on page 1, $14.52, is simply the Bessemer pig used for steel rails. In regard to this particular division of Bessemer pig, there were some variations due to excess tonnage and the higher freight costs on this class of iron, and to the fact that some of the iron was purchased.

(3) There is, of course, a certain amount of labor included in the items on page 3 for raw material, such as limestone and coke, as there necessarily must be in the cost of any raw material. So far as the steel companies are concerned, the only labor that they have put into these raw materials is substantially that of unloading.

(4) I have set forth on page 2 certain extremes of cost and profit which I think may be of interest to your committee. You will note that I have stated that the highest cost for any company in any year was $31.27 for one company in 1903. It should be noted, however, that this is not a normal case, as the company was a new one. I have therefore inserted what was the next highest cost, to wit, $30.29, for another company for the same year. This company presented a normal condition. I felt also that possibly the figures for 1906 would be of especial interest, so I have inserted the lowest profit of any company during that year, to wit, 99 cents. The average profit for all companies during that year was $4.85. All of these figures, of course, are per ton.

These results appear simple and are stated in comparatively small space, but they cover companies which have produced more than 93 per cent of all rails produced in the United States during that period. This means an enormous volume of tonnage and an enormous mass of transactions. To get these figures required the work of a considerable force of men in this office for over a year in an examination of thousands of accounts under the direction of an expert steel man. I think it is safe to say that no such complete or accurate figures have been compiled in this country, and that while they necessarily involve some

variations, these are small in amount, and nothing approaching this statement in reliability can be obtained from any other source.

I will endeavor to furnish you as quickly as possible such other information as I have available.

Very respectfully,
HERBERT KNOX SMITH,
Commissioner.

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

Standard rails.

	Cost of rails sold and used.			Sold.		
	Tons.	Cost per ton.	Amount.	Tons.	Price.	Profit per ton.
1902	2,594,338	$22.32	$57,910,323.72	2,594,961	$27.65	$5.34
1903	2,641,857	23.78	62,820,909.68	2,615,754	28.07	4.32
1904	1,934,682	21.57	41,735,625.60	1,898,057	25.70	4.17
1905	2,974,926	21.30	63,361,006.09	2,883,671	27.13	5.88
1906	3,491,649	22.77	79,512,433.50	3,396,381	27.61	4.85
Five years	13,637,452	22.39	305,340,298.59	13,388,824	27.34	4.97

Cost items of rails produced for five years, 1902–1906.

Tons produced	14,020,303

COST ITEMS.

Bessemer pig iron	[a]$14.52
Waste	1.95
Cost pig iron in rails	16.47
Labor	1.98
Manganese, etc	.99
Fuel	.35
Steam	[b].62
Molds	.15
Rolls	.17
Materials in repairs and maintenance	.42
Supplies and tools	.27
Miscellaneous and general works expense	.51
General expense	.14
Depreciation	.16
Total cost	[c]22.23

Cost of conversion from pig iron, $7.71.

[a] The difference of 51 cents between the average cost of Bessemer pig iron and of pig iron used for rails is due to variation in the cost of the excess tonnage and to freight on some of the iron. (See p. 3.)

[b] The item of labor does not include, for much of the tonnage, the labor in producing steam, which some companies include in the item "Steam."

[c] The difference of 16 cents between the cost of rails sold from sales statements and rails produced from cost sheets is due to difference in tonnage and in inventories.

	Any company for any year.	Any company, average for 5 years.
Lowest cost	$19.33 (1905)	$20.74
Highest cost	31.27 (1903)	26.61
Next highest cost	30.29 (1903)	
Lowest profit for any company in 1906	$0.99	
Average profit forall companies in 1906	4.85	

This statement includes the production of seven companies, and covers more than 93 per cent of all rails produced in the United States during the period.

DECEMBER 10, 1908.

Cost of Bessemer pig iron, all districts, 1902–1906.

[Tons produced, 51,902,699.]

Cost items.	Price.	Cost per ton pig iron.
Net total metallic mixture	$3.97	$7.30
Coke	3.37	3.89
Limestone		.43
Labor		.77
Steam		.12
Materials in repairs and maintenance		.16
Supplies and tools		.13
Miscellaneous and general works expense		.28
General expense		.36
Relining and renewals		.18
Depreciation		.39
Total		14.01

The item of labor does not include, for much of the tonnage, the labor in unloading raw materials and in producing steam, which some companies include in the cost of raw materials and in the item "steam."

The tonnage covers 93 per cent of the Bessemer pig iron made in the United States during the period.

DEPARTMENT OF COMMERCE AND LABOR,
Washington, December 17, 1908.

MY DEAR CONGRESSMAN: In accordance with your request, I am sending sheets, showing costs and profits on steel billets, both of the Bessemer and open-hearth basic.

As was pointed out in my letter of December 14, transmitting profits and costs on steel rails, there are two sets of figures here, secured from two totally different sources, and therefore valuable as checks on each other and as showing their general accuracy. The figures in the first table herewith submitted are taken from the profit and loss accounts of the companies examined. The figures in the second table are taken from the cost sheets of those companies. The figures in the first are combined for Bessemer and open-hearth steel, giving a total average cost for five years, for all companies represented, of $20.60 per ton.

The figures for the second set are divided according to Bessemer and open-hearth steel, but if the two are averaged up on a weighted average that average of cost will differ only about 13 cents per ton from the average cost given in the first set. This discrepancy is extremely small when the vastness of the transactions is considered and the enormous number of figures which had to be consulted. It would have been remarkable if there had not been a discrepancy, and

the fact that it exists shows the genuineness of the figures, and the fact that it is so small shows that they must be substantially accurate.

While these results are comprised in comparatively few figures, they are the results of a great amount of work—practically 10 or 12 men for nearly a year—and cover all the large companies, practically all the Bessemer ingots produced in the country and more than 75 per cent of the open-hearth ingots for the period used.

Very respectfully,

HERBERT KNOX SMITH,
Commissioner.

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives.

Steel billets—Cost of Bessemer and open-hearth steel billets, sold and used at a profit.

	Produced for sale or for use at a profit.			Sold.		
	Tons.	Cost per ton.	Amount.	Tons.	Price per ton.	Profit per ton.
1902	2,565,084	$21.73	$55,735,789.47	978,386	$26.33	$4.62
1903	2,119,275	23.01	48,758,554.92	628,070	28.55	5.01
1904	2,697,870	19.34	52,187,831.98	870,829	20.59	1.26
1905	4,365,583	19.19	83,776,622.37	1,414,638	21.95	2.85
1906	4,881,728	20.93	102,153,273.45	1,391,306	25.68	4.48
Total	16,629,540	20.60	342,612,072.19	5,273,319	24.30	3.60

Final commercial cost.	Large Bessemer billets.	Large basic open-hearth billets.
Tons produced	17,908,033	13,422,740
Pig iron and scrap	$14.34	$13.78
Waste	1.95	1.64
Cost of pig iron and scrap in billets	16.29	15.42
Variation in cost ingots	.36	.06
Labor	1.18	1.58
Manganese and fluxes	.37	.59
Fuel	.37	.94
Steam	.49	.87
Molds	.16	.17
Rolls	.03	.04
Materials in repair and maintenance	.27	.47
Supplies and tools	.17	.36
Miscellaneous and general works expense	.29	.39
General expense	.10	.13
Open-hearth rebuilding		.24
Depreciation	.10	.11
Total cost	20.18	20.87

NOTE.—The difference of $0.33 between the average cost of Bessemer pig iron, $14.01, and that used for Bessemer billet ingots is due to variation in cost of excess tonnage, and to freight on some of the pig iron. This figure, $14.01, here referred to was shown on the cost sheets of rails already transmitted to the committee by my letter of December 14, 1908.

The differences of $0.36 on account of the variation in cost of Bessemer and of $0.06 in cost of O. H. ingots is due chiefly to the fact that only a portion of the ingots made was used for large billets, and the average price at which this portion was used differed by that much from the average cost of all ingots.

The item of labor does not include, for much of the tonnage, the labor in unloading raw materials and in producing steam, which some companies include in the cost of raw materials and in the item "steam."

Only a little more than half of the tonnage of Bessemer and O. H. billets covered by the cost sheets appears in the tonnage of billets sold or used at a profit, the remainder having been used without profit in making other products.

Because of the way in which they are used no report of the total tonnage of steel billets produced in the United States is made, but the cost sheets obtained for Bessemer ingots cover practically all, and of open-hearth ingots more than 75 per cent, of the production of the country for the period.

COMPARATIVE COSTS AND PROFITS.

Costs.

Bessemer billets (any company for any year):	
Lowest cost (1905)	$17.43
It must be noted, however, that this cost ($17.43) was merely the cost for steel sold. But about nine times as much more steel was made and used by this same company at a cost of $18.26, which is perhaps a fairer and certainly a more significant figure.	
Highest cost under normal conditions (1903)	24.95
It should be noted that there were some costs still higher for certain companies, but these were companies apparently just beginning operations and are not fairly representative.	
Open-hearth basic billets:	
Lowest cost (1905)	18.24
Highest cost (1903)	29.04

Profits.

Bessemer:	
Lowest profit (1906)	0.62
Average profit (1906)	3.71
Open-hearth basic:	
Lowest profit (1906)	4.90
Average profit (1906)	5.42

As pointed out in a note above, it has been generally attempted to give figures that are fairly representative, and not those of companies whose conditions, for one reason or another, are abnormal, either as dealing in some special product or having just started, etc. It has been assumed that what the committee desired were figures which would represent different businesses of importance carried on under general conditions.

APPENDIX.

MY EXPERIENCE WITH, AND VIEWS UPON, THE TARIFF.

[By Andrew Carnegie. Copyright, 1908, by the Century Company. This article is reprinted from the Century Magazine for December, 1908, by permission.]

In 1870 the writer was not of sufficient importance as an iron and steel manufacturer to be called into counsel with his older friends in the business, the directors of the Iron and Steel Association, then led by Mr. Swank, who still keeps watch and ward as secretary. He attended to tariff legislation as of vital importance to the iron and steel industry, then in its infancy.

Our Edgar Thomson Steel Rail Works were not started until after the tariff of that year was passed. The duty on rails was then fixed at $28 per ton, the cost of foreign rails being about $100; so that the duty was, say, 28 per cent ad valorem, which was not then excessive.

Upon repeated visits to England I anxiously watched the progress of the Bessemer process, and saw it emerge from the experimental stage to undoubted success. Several pioneers in America began too soon.

Ward, at Detroit, was the first, followed by Griswold, of Troy; then came the Pennsylvania Steel, the Freedom, followed by the Cleveland, Chicago, the Cambria, the Joliet, and the Bethlehem works, the latter under the Nestor of steel superintendents, John Fritz, still with us, and known to all as "Uncle John."

All of these had their manufacturing troubles, as pioneers usually have who attempt the task of introducing new processes in countries with conditions necessarily differing from those under which success has been attained. Not one of these concerns escaped financial embarrassment. Several were reorganized, and two were sold by the sheriff.

The bold men who ventured upon the manufacture of steel, often denounced as "robbers under the tariff," are entitled to great credit for having served their country well. Few of them lived to receive proper return for their enterprise.

When I saw with my own eyes the Bessemer process fairly launched, and became acquainted with Bessemer himself and the leading steel manufacturers of Britain in 1875, I was ready to take the plunge into steel. But none of my partners in the business was then willing to take the risk. But soon after our success they agreed to amalgamate the two branches. Even when we ventured into steel manufacture it required some faith in our star. It was not a task for timid men.

The Edgar Thomson Works beat the record in one particular; it certainly was the first Bessemer steel concern to make a profit during the first month's run. We figured $11,000 to the good in the starting

month—a bright omen for the future. We owed this to one of the most original characters the steel industry has revealed, Capt. Bill Jones. He refused partnership, which entailed financial responsibility, but would have made him a millionaire, declaring that he was no business man and had troubles enough managing the works. "Just give me a thundering salary," was his decision.

Our competitors in steel-rail manufacture regarded our temerity with something bordering on contempt, knowing the long and serious trials through which they had passed before their works produced marketable product. They decided to ignore us.

Steel rails were made only in small amounts and by a few mills. All had enough to do; there was no competition. Railroads, the only customers, amicably agreed with makers upon fixed prices, as they do still. Boycotted by the established makers, there was nothing for us but quietly to find distant customers in various parts of the country who were willing to try our rails at certain, or rather very "uncertain," prices. We sold what was then considered by our competitors an enormous quantity. My recollection is that the Cambria Works boasted of 4,000 tons in one month; to-day 50,000, all from one set of rolls, is not unusual.

When our appearance as a seller came to the notice of the regular makers, we were invited to a conference, and thereafter graciously recognized. They were grievously shocked when they found that we had already booked for that year more tonnage than all of them combined. In all important conferences the Edgar Thomson Works thereafter had a representative, and in this way I became acquainted with the tariff question.

My views upon this important subject, which I still hold as firmly as ever and have never changed, had been formed by Adam Smith, who was not the bigoted "free trader" he is generally supposed to have been, and by John Stuart Mill's celebrated paragraph, which sums up the matter.[a] Mention of that recalls an incident. When dining in Birmingham with a few friends in the early seventies, John Bright being one, he asked me if I would explain to the com-

[a] In Principles of Political Economy (Vol. II, pages 487–488), John Stuart Mill says: "The only case in which, on mere principles of political economy, protecting duties can be defensible is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalizing a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production often arises only from having begun it sooner. There may be no inherent advantage on one part or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire may in other respects be better adapted to the production than those which were earlier in the field; and, besides, it is a just remark that nothing has a greater tendency to promote improvements in any branch of production than its trial under a new set of conditions. But it can not be expected that individuals should, at their own risk, or rather to their certain loss, introduce a new manufacture and bear the burden of carrying it on until the producers have been educated up to the level of those with whom the processes are traditional. A protecting duty, continued for a reasonable time, will sometimes be the least inconvenient mode in which the nation can tax itself for the support of such an experiment. But the protection should be confined to cases in which there is good ground of assurance that the industry which it fosters will after a time be able to dispense with it. Nor should the domestic producers ever be allowed to expect that it will be continued to them beyond the time strictly necessary for a fair trial of what they are capable of accomplishing."

pany how any educated man in America could favor a tariff. This was rather embarrassing for a young and, I may truly add, then a most modest man; but I did my best, winding up with Mill's paragraph, which is to the effect that it is best to buy in the cheapest and sell in the dearest market, but until the resources of a new, undeveloped country be tested, it can not be known which will be the cheapest producer, and a protective duty for a time to encourage capital and skill to test this was permissible. Bright immediately said that the harm done by Mill by that paragraph was greater than all the good done by what he had ever written.

The prices for steel rails charged Americans by foreign manufacturers before rails were produced at home were $166 per ton in 1867, $158 in 1868, $132 in 1869. For two years they fell to $107 and $102, but in 1873 and 1874 they rose again to $112 and $120.

When Mr. Blaine was with us in London in 1888 he attended a dinner at which Mr. Chamberlain was present and the tariff question naturally came up. Mr. Chamberlain remarked that "Carnegie was a good fellow, and we all liked him, but still he didn't see why the United States should present him with $28 per ton protection upon his steel rails." This brought laughter and applause. When quiet was restored, Mr. Blaine replied: "We don't look at it in quite that way. I am interested in railroads, and before we put on that tariff we had to pay you $100 per ton for steel rails. Just before we sailed our board bought a large amount from Carnegie, and he charged us only $30. I guess if we had not put on that tariff you would still be charging us $100."

After the laughter subsided, Sir Charles Tennant, president of the Scotland Steel Company, exclaimed: "Yes; $100 per ton; we all held to that price, and could have got it to-day if Carnegie and others hadn't interfered."

Mr. Blaine said, "Mr. Chamberlain, I don't think you have made much by this frank confession."

"No," replied Mr. Chamberlain; "how could I, with Sir Charles sitting there giving me away?"

Our tariff policy previous to the war was the football of parties and far too uncertain to induce prudent men to invest capital in new enterprises, especially in those requiring so much experimental work as new branches of manufacturing. The civil war put an end to all this. Our experience in that contest convinced not only the members of the Republican party, but also, fortunately for our country, a large number of potent Democrats, that we could no longer depend upon Europe for our supplies of iron and steel.

When the war broke out, the demand for these indispensable articles was imperious. We had instantly to get large supplies of both. The Baldwin Locomotive Works and others promptly sent agents abroad to buy up all that could be had, and through this wise policy disaster was averted. The escape of the *Alabama* and other privateers brought home to reasonable men the fact that we must have a home supply of all material needed for our national safety. Hence the leading steel and iron people were called to Washington, a satisfactory protective policy promptly agreed upon, and the "Schenck" tariff passed. The same Congress (in July, 1870) also repealed the income tax.

This action committed the Republican party to the policy of protection, and the tariff remained in force undisturbed for thirteen years, but an almost equally important point gained was that many leading Democrats also favored it. Thus the protective tariff now became for the first time a national policy, and this gave capitalists the assurance of continuity.

The steel-rail industry, thus assured of a period of protection, developed rapidly. In 1882, twelve years after the tariff began, it reached an output of 1,187,770 tons. Repeated attempts to repeal or reduce duties were made, notably in 1876, 1878, and 1883, the Democrats having control of the House in these years. That the protective policy was no longer a party question was conclusively proved, since all of these attempts were defeated by the aid of Democratic votes, one being that of Mr. Randall, Democratic Speaker of the House.

In the effort of 1883, to defeat a proposal that the duty upon steel rails be reduced at one step from $28 to $10 per ton, I visited Washington, not to oppose a reduction of the duty, but to urge that it should be made more gradually. The Hon. Abram S. Hewitt, then in Congress and a power in the Democratic party, as well as an iron and steel manufacturer, counseled moderation, and there was little opposition to the smaller yet important reduction which we proposed, namely, from $28 to $17 per ton, equal to 39 per cent reduction. In 1884 the Democrats attempted to pass another reduction bill, but were defeated by their own members, no fewer than 40 Democrats in the House voting against the measure.

The protective policy had full swing until 1890, when the McKinley bill was passed. People generally think of this bill as highly protective; on the contrary, it reduced the duty on steel rails, beams, and all structural shapes, nails, forgings, etc., from 20 to 30 per cent, which I strongly advocated; but for the first time it also gave adequate protection to the tin-plate industry, which previously had no existence in America, one experiment having failed through pressure of foreign competition. Now it is firmly established. Another feature of the McKinley bill was novel. It provided that 99 per cent of the duty should be refunded upon foreign iron and steel used in manufacturing articles for export. This gave American manufacturers all the benefits of free trade in their contests with foreign manufacturers through the world, and should be a feature in all future tariffs. All things considered, the McKinley bill was the wisest tariff reform measure ever framed.

All this proves that President McKinley belonged to our school of protectionists, strong when protection is needed, but equally strong in abolishing unnecessary duties. If alive to-day, I am certain he would approve the policy recommended in these pages. We labored long together to develop and guard our own resources, and now the time has come when most of these can and should stand upon their own feet and conquer.

Upon Mr. Cleveland's second election, in 1892, Democratic rule came in again, followed by distrust regarding the tariff. In 1894 the Wilson bill was introduced. As expected, it proved to be of the most drastic character and alarmed conservative reformers like myself. It became necessary to modify the measure in many respects if several of the manufacturing interests of the country were not to be sacrificed. I visited Washington and did what I could to obtain a

measure which, while lowering duties generally and decidedly, would nevertheless enable manufacturers in all classes to continue work.

To two Democrats belong the chief credit of defeating the revolutionary features of the Wilson bill—Senator Gorman, Democratic leader of the Senate, and Governor Flower, of New York, an influential leader in the House. With these two gentlemen my relations had long been intimate. Few men have enjoyed for as many years as Senator Gorman did the confidence of his party as its leader and of the Senate as a whole. Wise, moderate, honest, he led his party with consummate address. When we met in Washington upon this serious business I found him quite satisfied that the proposed bill would injure some of our industries. After several conferences, he finally said to me: "I can afford to oppose this bill and beat the President, but I can not afford to oppose and be beaten by him. Now, if the Republican party will stand firm for a measure that carries great reductions of duties—remember, great reductions we must have, especially upon iron and steel—I can carry a reasonable bill. Our people have little confidence in the representatives of manufacturing interests. All of these clamor against any measure that touches their pockets; but if you will make out a schedule of reductions in duties which you assure us can be made without injury to American industries—for I don't want to injure one of these any more than you do—I can carry enough of our people with me who are good Americans and feel as I do." He kindly added that in testifying before committees I had gained their confidence, and as I had always been reasonable and had agreed to reductions in the past, his people would accept my list. "But, remember," he said, "there must he heavy reductions."

Then I met Governor Flower, and he was emphatic. "I am as sound a protectionist as you are," he said, "and would not vote for a reduction of duty that would injure one American industry; and I believe this Wilson bill would do so."

These men represented a sufficient number of Democratic Members who, combined with Republicans, insured the adoption of a less revolutionary measure. I made and submitted a list reducing the duties about one-third upon articles of iron and steel. This was accepted as thorough but judicious, and became a law. Meeting Senator Gorman afterwards, he laughingly explained: "I carried every one of your figures but one. I had to submit to free cotton ties to secure two Senators whom I did not wish to lose."

In this struggle that wise, practical Senator, the Hon. Stephen B. Elkins, was a power, supported as he was by his father-in-law, Senator Davis, a leading Democrat. Both Senator Elkins and I were lectured severely by the extreme protectionists, as also by the editor of one of the greatest of protection organs, for yielding and agreeing to reduce duties so much, but we survived. Our party, however, did not enthusiastically approve some of the large reductions made. At all events, the election of President McKinley in 1896 resulted in a special session, called two days after his inauguration (March 4, 1897), which resulted in our present Dingley tariff, restoring part of the reductions. After eleven years this is now to be superseded by another.

Much water has run under the bridges since then. Many changes have occurred, and hence many changes can be judiciously made in

the tariff. There is no doubt about this; but on the other hand I have been led to the conclusion that conditions have changed so greatly in the interval that the tariff should now be viewed from a new standpoint.

The writer assumes that a decided majority of our voters are agreed—

First. That it is advisable for new countries to encourage capital by protective duties when seen to be necessary to develop new industries.

Second. That after full and exhaustive trials, if success be not finally attained, such protection should cease, except as noted hereunder.

Third. That should the experiment succeed, protection becomes unnecessary, and should steadily but gradually be abolished, provided that the home supply of any article absolutely necessary for the national safety shall not thereby be endangered.

So much for the doctrine of protection. That there is a cult who regard that doctrine as sacroscant and everlasting, none knows better than the writer; but its members are few and not likely to increase, since our country has admittedly developed and gained and is to continue gaining manufacturing supremacy in one department after another until it reaches a position where free trade in manufactures would be desirable for it, all the markets of the world open to her, and hers to the world. Our difficulty will then be to get other nations to agree to free trade.

There will remain importations of foreign luxuries, which should be still heavily taxed for revenue, not protection; the aim being to levy the tax that would produce the greatest revenue from luxuries. This would not seriously affect the producer since the buyer pays all duties, and demand would not be greatly affected by the higher price, since only the rich use them.

We have already become by far the greatest of all manufacturing nations. Our "infant industries" of the past have reached maturity, and, speaking generally, are now quite able to protect themselves. The puling infant in the nurse's arms that Congress in 1871 nursed so tenderly will appear next year before its guardian as the stalwart champion who has conquered competitors in many fields, thus proving himself worthy of the protection bestowed upon him in his youth, and fully vindicating the protective policy pursued.

While the tariff, as a whole, even to-day has ceased to be primarily beneficial as a measure of protection, it has become of vast importance from the standpoint of revenue, and it is to this feature I bespeak the special attention of readers of all parties, for duties upon imports, not for protection, but for needed revenue, should not become a party question. Reasonable men of all parties may be expected to approve this plan of obtaining revenue.

That the huge industrial combinations of our time tend to enlarge the unfair inequalities which existed even before their day in the distribution of wealth will not be questioned; that it is desirable the contrast between the new cult of multimillionaires and the laborers should be lessened by every available means will also be generally accepted. The tariff is to-day a potent engine for this purpose, and it can be made even more so.

The following should be carefully considered by intelligent men of all parties. The amount of revenue from our imports in 1906 was $292,000,000; the last fiscal year (1907) it increased 14 per cent, to $332,000,000, exactly one-half of the total national revenue, $663,000,000.

Among the duties collected in 1906 (the details for 1907 have not yet been published) were the following:

Duties collected upon—	
Cotton manufactures	$33, 349, 000
Leather manufactures	5, 073, 000
Silk manufactures	17, 351, 000
Wood manufactures	4, 143, 000
Wool manufactures	6, 700, 000
Stone and china ware	7, 542, 000
Fibers	18, 900, 000
Fruits and nuts	6, 550, 000
Glass	3, 837, 000
Furs	1, 780, 000
Jewelry	3, 523, 000
Malt liquors	1, 507, 000
Spirits, distilled	6, 555, 000
Oils	1, 622, 000
Wines	5, 464, 000
Toys, dolls, etc	2, 065, 000
Tobacco	23, 927, 000
Raw wool, camel and goat hair, alpaca, etc	39, 068, 000
	188, 956, 000

adding 14 per cent increase for 1907, a total of, say, $216,000,000.

Here we have $216,000,000 out of a total of $332,000,000 collected upon the luxuries of the rich, who alone use foreign articles to any extent.

This general statement may, and probably will, be disputed by agents of foreign manufacturers, claiming that the poor do use several of the articles named to some extent. Some of the wool imported, for instance, may go into inferior cloth used by the poor; so with other articles. But, notwithstanding all that can justly be urged of this nature, the indisputable fact will remain that with trifling, if any, exceptions, these imported articles are used almost exclusively by the rich or well-to-do.

Two articles of domestic production yielded all except $2,000,000 of the internal taxes, which were in 1907, $269,000,000.

Liquors (wines, whisky, and beer)	$215, 000, 000
Tobacco	52, 000, 000
	267, 000, 000

The workman who neither drinks nor smokes is thus virtually free from national taxation either through tariff or internal revenue, except upon sugar, which is the only important imported taxed article of general consumption by rich and poor alike. In 1901 this tax yielded $52,500,000. It is protective, with a view to securing a home supply from the beet root, and the Secretary of Agriculture recently informed the writer that he hopes to succeed. Last year we manufactured 500,000 tons, one-fifth of our consumption, and the growth of beets is increasing yearly. A few years should determine the success or failure of this experiment.

The difference between the United States on the one hand and France and Germany on the other is that the former supplies its own food products and taxes chiefly imported luxuries used by the rich (sugar excepted), while the latter must import food products which are consumed by both rich and poor; hence in France and Germany tariff duties imposed upon food to protect their own agriculturists reach the masses and must be paid by them. For instance, in 1905 Germany imported articles for consumption valued at no less than $512,000,000. In 1905 France imported food products valued at $156,000,000.

In 1905 customs duties yielded	$89,000,000
Internal taxes, sugar	28,000,000
Internal taxes, tobacco monopoly	90,000,000
Internal taxes, matches	10,000,000
	217,000,000

All classes consumed these articles, hence the duties upon them tax the poor.

Britain does not levy duties upon imported grain products, but taxes other articles, as follows:

In 1906:	
Tobacco	$65,000,000
Tea	34,000,000
Sugar	31,000,000
Coffee, cocoa, etc	3,500,000
Excise (internal) taxes upon whisky and beer	147,000,000
Total	280,500,000

These articles are consumed by rich and poor; but what we have said in regard to our tariff applies in great part to the British—those who neither smoke nor drink pay little taxation. The tax upon sugar has been reduced one-half this year, and Britain does well to tax liquor heavily, for intemperance is her greatest evil; it would be better if the excise taxes were increased; the tobacco tax is already very high. So also with America, if higher taxes can be collected without leading to illicit distillation. It is believed that we can now safely increase the tax upon domestic liquors and tobacco. By all means let the experiment be made, for these are articles hurtful to the people.

Thus does the American tariff, in happy contrast to others, almost exempt the poor and heavily tax the rich, just as it should, for it is they who have the ability to pay as required by the highest economic authority.

We have shown a revenue of $216,000,000 collected yearly upon the luxuries of the rich, without being seriously felt.

The excited free trader is often found declaiming against these heavy duties and others of the same class. To his appeals Congress should turn a deaf ear and rather increase than reduce them, not as a protective but as a revenue measure. That they could be advanced in most cases without materially reducing consumption is highly probable, since the rich will have what is desirable or fashionable regardless of a small increase in cost. The experiment should be made and on no account should the Representative, having the interests of the masses at heart, agree to one iota of reduction upon any of

these or other luxuries, for in no other way can the wealthy classes so surely be made to pay so great a sum toward the support of the Government.

This is sound and fair policy, for the man who has no more income than sufficient to meet the physical wants of himself and those dependent upon him should be considered as not having ability to pay any taxation whatever, just as the humble homestead is exempt from sale under a mortgage or the small income is exempt under taxes upon incomes in countries laboring under that burden. Adam Smith's dictum is in these memorable words: "The subjects of every state ought to contribute toward the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state." Every legislator should bear these words in mind. This is the feature of the tariff in which the great mass of our working people is most deeply interested.

Virtually, as we have seen, the working classes of America who neither drink nor smoke are exempt from national taxation, sugar excepted. So are the British, who, however, are still taxed upon tea, coffee, and chocolate. They are vastly better off in this respect than the German working classes, who, in addition, have a tax upon imported food, which also raises the prices of the home-grown food supply.

The next Congress dealing with the tariff will probably be inclined at first to reduce duties all round and perhaps to abolish some, but its first care should be to maintain present duties, and even in some cases to increase them, upon all articles used almost exclusively by the rich, and this not for protection but for revenue, not drawn from the workers but from the rich. That is the first and prime duty of Congress. We should not forget that government expenditures have increased enormously in recent years and that additional revenue is required.

Its second duty is to reduce duties greatly upon manufactured articles and to abolish entirely those no longer needed.

The writer has cooperated in making several reductions as steel manufacturers became able to bear reductions. To-day they need no protection, unless perhaps in some new specialties unknown to the writer, because steel is now produced cheaper here than anywhere else, notwithstanding the higher wages paid per man. Not a ton of steel is produced in the world at as small an outlay for labor as in our own country. Our coke, coal, and iron ores are much cheaper, because more easily obtained and transported, and our output per man is so much greater, owing chiefly to the large standardized orders obtainable only upon our continent; the specialized rolling mills; machinery kept weeks upon uniform shapes without change of rolls, and several other advantages. Britain and Germany are the only important steel manufacturing nations other than ourselves. I am assured by one who has recently examined the matter that he found even in Germany to-day that the cost per ton for labor was greater than with us, unusually high as our wages are at present. Were there free trade in iron and steel between America and Europe, a few orders might go abroad at times when American mills were fully oc-

cupied and high prices prevailed, and this would be advantageous to our country; but if these shipments amounted to much, prices would rise in Europe and prevent further exports to our market. The United States made last year more steel (over 23,000,000 tons) than Germany, Britain, France, and Belgium combined. New steel works are under construction which will produce enough to enable her to make more than the whole world besides. This she will do within five years, probably within three. The day has passed when any foreign country can seriously affect our steel manufactures, tariff or no tariff. The republic has become the home of steel, and this is the age of steel. It may probably be found that there exists the small manufacturer of some specialty in steel which still needs a measure of protection. The writer hopes, if such there be, the committee will give patient attention to such cases. It is better to err on the side of giving these too much, rather than too little, support. Every enterprise of this kind should be fostered. The writer speaks only of the ordinary articles and forms of steel as being able to stand without protection. He hopes there are to-day pioneers in several new lines requiring protection which will be generously given temporarily. The committee should welcome such special cases.

There are several features in our tariff affecting the masses of our people which should be carefully looked into, since they subject these to the increased cost of some of the necessaries of life. I notice three charges often made against our present tariff.

The first in importance relates to illuminating oils. It is charged that Congress refused to place a duty upon these, but by some means a bill was passed which provided that upon oil from any country that taxed American oils a corresponding tax would be collected in America upon oils imported from such country. Russia then taxed American oils, and our oil producers enjoy protection from Russian oils, and the ludicrous spectacle is seen of each country protecting itself from importations of oil from the other. If all this be true this is clearly not a case of genuine protection. It gives to each interest a monopoly of oil in its own country.

It is said, but how truly the writer does not know, that although the Russian and American companies had agreed between themselves not to invade each other's country, nevertheless oils found their way in through sales made by these companies to other parties, and that existing legislation was therefore secured by the oil companies in Russia and America. It is such and other kindred charges published throughout the country that make the tariff the object of attack as a vehicle of corruption. No duty is more imperative upon the part of the honest upholders of the principle of protection when needed than to purge the next tariff of every trace of other than open and honest legislation, clearly intended to shield the masses from unfair taxation and thus promote national prosperity. The oil producers, like the steel producers of our country, need no protection from the products of other lands, and the retaliatory act should be promptly repealed.

The second charge often presented relates to the thread industry. The leading producers in Britain and America have consolidated, and it is said virtually fix prices. The present duty enables the home producer to maintain higher prices here, while its abolition would

enable the continental manufacturers to export their product to America in competition with the consolidation, which has now a monopoly, except that there is one cotton-thread producer still in our country ostensibly outside of the combination. When international combinations like this appear, or when any of our manufacturers enter into international agreements, it may be found necessary in the future to provide that the Interstate Commission should have control. It is clear there must be some control or the consumer will be seriously affected. The labor in the mills of America is higher paid, and thread actually costs more per spool, I am told, than in Scotland, differing in this respect from steel rails. On the other hand, home manufacturers have cheaper cotton. The thread combination needs careful scrutiny. No doubt the congressional committee will give this due attention and listen to the "other side" of the question, for there are always two sides.

Foreign cutlery is the third and last subject, often in evidence. The duties upon this class of articles are complained of as being far too high, but I take it that imported cutlery is used exclusively by the rich. The tariff committee should maintain present high duties upon the extra fine and costly ware, but fix much lower duties upon the ordinary grades used by the masses, just as the present tariff admits sewing and darning needles free, although other kinds are taxed. There seems no reason, however, why steel for cutlery should not be purchased cheaper in our country than abroad, nor why our home manufacturers should not supply our home demands for cutlery.

The Republican party has nursed home industries, supported, however, as we have seen, by an element in the Democratic party which we sober protectionists may be excused for considering the wiser element of that party. Hence the tariff has become a national, not a party, issue.

That the value of our manufactures in 1905, $16,866,706,985 (£3,373,000,000), exceeds those of our closest competitor, Britain, three times over, and that our exports of these in 1906 were $686,000,000 and of crude materials for use in manufacturing $510,000,000, is ample vindication of the protective policy of the past.

In our day a different duty devolves upon our party and its democratic protectionist allies. The infant we have nursed approaches the day when he should be weaned from tariff milk and fed upon the stronger food of free competition. It needs little, if any, more nursing, but the change should not be made abruptly. It is better to err upon the safe side, if we err at all; but he is the best of protectionists who corrects all faults as they are revealed and positively declines to subject the nation to protection in any branch where it is not clearly needed, affording protection always with the resolve that it shall be temporary. A class of excellent citizens has arisen who really see in the tariff one of the chief causes of national demoralization; not a few consider it should be the leading issue in a presidential campaign. The writer has personal friends on both sides—those who see in it the chief source of political evil and those who think it the country's salvation. For neither view is there sound foundation to-day, for protection is no longer the vital issue it was; but the first class will have something to rest their contentions upon, however, if

there be continued upon the statute books duties and provisions manifestly out of date. All such and everything of a dubious character in our tariff legislation, our party, in the forthcoming revision as the legitimate protection of the true protective policy, should boldly sweep away.

In conclusion, a "tariff for protection," which was the issue forty years ago, should now give place to a "tariff for revenue," and therefore the strict maintenance of the present duties upon foreign luxuries paid by the rich. The present tariff rightfully exempts the masses of the people from almost all national taxation, because they have not "the ability to pay," as required by Adam Smith, the greatest economic authority.

The writer, having often been classed with the "robber tariff barons," may probably be proclaimed as a convert to new views since he retired from manufacturing, but his associates know better, and many a foreign manufacturer could tell of the prophecy with which he has so often startled them; namely, that in a short time America would become the leading manufacturer and foremost apostle of free trade, while their own countries would be discussing whether or not to put up the barriers. Britain to-day is seriously considering this very question.

The writer has not changed one iota since he first formed a clear and definite view in regard to protection. For new countries possessed of natural but undeveloped resources it is the only policy available, hence we see Canada, Australia, and New Zealand all adopting it, even against their motherland, to whom they are indebted for protection from enemies, a seemingly most ungrateful return, could they not plead that it is indispensable for the development of their own resources.

The question assumes another form when old and fully developed countries like Britain, after having fully tested their capacity to produce any article in competition with other lands, are considering whether to handicap outside competition. This is not a case of temporary protection through duties upon competing imports, but one which opens the question whether it is economically best to use the domestic product even at greater cost. The reply seems to be: If it involve the loss of a home supply of an article essential for the national safety, yes; if not, no. This is also true Adam Smith doctrine. Each case must be judged on its merits from that point of view.

There is no occasion for haste or for any revolutionary step in coming tariff legislation. It is better to go a little too slow than a little too fast. In the writer's opinion, the revision of the tariff could to-day safely and advantageously be made a radical one upon the lines suggested; but if Congress, in deference to the timid manufacturer, "whom we have always with us," thinks it prudent not to disturb his dreams unduly, and only halves present duties upon some articles and abolishes them entirely upon others—always provided it guards zealously the present duties upon the luxuries of the rich for revenue—the writer will be thankful and philosophic as usual, because one step in the right direction will have been taken, and he knows the final step must come before long; the sooner the better.

Just as the Republic has won supremacy in steel, and can to-day, even during this temporary world-wide depression, send it profitably to every free market in the world in successful competition with all other manufacturers, so is she to win this proud position in one field of industry after another, her enormous standardized home market being one of the chief elements of her conquering power. Many foreign luxuries will still be imported, but these should yield revenue paid by the rich consumer.

The writer is confident that this prophecy will soon be fulfilled, for nothing can keep the Republic from speedily dwarfing all other nations industrially, if she only frowns upon great navies and increased armies and continues to tread the paths of peace, following the truly American policy of the fathers.

SCHEDULE N.—SUNDRIES.

ARTIFICIAL FLIES.

HON. J. H. DAVIDSON, M. C., FILES LETTER OF CARRIE J. FROST, OF STEVENS POINT, WIS.

WASHINGTON, D. C., *December 16, 1908.*

CHAIRMAN COMMITTEE ON WAYS AND MEANS,
House of Representatives.

SIR: I have the honor to submit for your consideration, and ask to have made a part of the hearings, a letter from Miss Carrie J. Frost, of Stevens Point, Wis.

The letter refers to the duty on artificial flies used in fishing.

Miss Frost now employs between 100 and 150 girls, and pays them from $5 to $7 per week. She manufactures a fine line of goods, and is having a splendid sale of them throughout the United States.

Her letter is interesting, as it shows what it costs to manufacture the different grades of goods and what effect the duty has thereon. It also shows how, as a result of her engaging in this industry, competition has reduced the price at which the English-made goods are sold.

Generally speaking, I think she would be satisfied if the duty on trout flies and also on hooks to gut and gut leaders remain as they are in the existing law. She would object to any reduction in the duty on the manufactured goods. In fact, if the duty was increased on the articles she manufactures it would stimulate this industry materially in the United States.

While the manufacture of trout flies may seem like a very small subject, the fact is that there are thousands and thousands of dollars' worth of these goods used annually in this country, and there is no reason why they can not be largely manufactured here.

I would suggest that the duty on trout and bass flies be increased from 45 per cent to 60 per cent and the duty on hooks to gut and gut leaders from 25 per cent to 40 per cent. At least there should be no reduction, unless you desire to destroy this infant industry.

Respectfully submitted.

J. H. DAVIDSON, M. C.

STEVENS POINT, WIS., *November 17, 1908.*

Hon. J. H. DAVIDSON,
Oshkosh, Wis.

HONORED SIR: I wish to take up the matter of duty on the goods which I manufacture, and trust you will do all in your power to prevent the reduction of the duty on these goods. I am paying my employees good wages, and the profits at the present time are not as much as they should be, and I shall endeavor to prove to you that, even if the duty was reduced, I could not continue to manufacture my products.

First, I will take up the subject of trout flies. The duty is 45 per cent on all grades. We sell the cheapest fly that is made for $1 per gross. This fly costs me 90 cents complete as it goes from the factory. I do not know what the English people charge for this fly, but there is a duty of 45 per cent, and they sell them in this country. Another grade, which is of a better quality, they lay in New York for $1.25 per gross; duty added to this makes it $1.81 per gross. This fly costs me as it leaves the factory $1.50, and I sell it for $1.85 per gross. Another and still better grade of fly is landed in New York by the English people for $3 per gross; duty added brings it to $4.35 per gross. This fly costs me complete $3.30, and I sell it for $4.35, thereby meeting the English price.

The above is true of all grades made. The English can land the goods in New York for less money than it costs us to manufacture them at the present wages paid.

The duty on the plain hooks to gut is, I think, 25 per cent, and the duty on gut leaders or casting lines is also 25 per cent. These two last named we could not manufacture if the duty was removed. The English people sell large quantities of trout flies, hooks to gut, and leaders in this country, and if the duty were more on all of these articles, we, the American manufacturers, would enlarge our factories and the enterprise would be something wonderful. The duty is too low as it is.

Before the American people manufactured these goods to any great extent the English people received more for their products. For example, that fly which is now sold for $1 brought $1.35 ten years ago, and when they found that we could make the goods for $1.35 they reduced the price until they got it down to $1, and we had to meet their price. The price has stood at the $1 mark for some time. If the duty were increased to about 60 per cent, it would keep their goods out and we could increase our business accordingly. The duty on hooks to gut and gut leaders should be 40 per cent.

The English agents flock over here by the carload every summer to sell the jobbers in this country. As you know, we have some of the finest fishing in the world. Our fish hatcheries supply our streams with fish at a great expense to the Government, and the business of manufacturing tackle rightly belongs to the American people.

If we could not make these goods equal in quality to the imported article, we would not expect to be protected, but as it is our goods are equal to the imported goods and should therefore be protected.

Trusting you will do all that you can in behalf of our cause, and thanking you for any favors granted, I am,

Yours, very truly, Miss C. J. FROST.

BOOTS AND SHOES.

COL. ALBERT CLARKE, BOSTON, MASS., FILES COPY OF PROTEST OF WORKINGMEN AGAINST REMOVAL OF SHOE DUTY.

BOSTON, *December 9, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

SIR: In my examination by the committee late last week, I was asked to furnish to the committee a copy of a protest against the removal of the duty from shoes which had been issued by some workingmen in Lynn, and I promised to send it. It gives me pleasure to comply, and the same is inclosed.

Very truly, yours, ALBERT CLARKE.

WOULD RECIPROCITY HELP AMERICAN SHOE WORKERS.

[From the Lynn Central Labor Union's programme, issued for the Massachusetts State Branch of the American Federation of Labor Convention, 1904.]

The duty on imported shoes is 25 per cent. If it were repealed or reduced, would not some of the low-wage countries, all of which now have American shoe machinery, compete with us and would not our manufacturers make it an excuse for reducing wages? Let us see:

Comparison of daily wages of several classes of shoe workers.

	Canada.	England.	France.	Massachusetts.
Cutters	$1.50	$1.30	$1.35	$2.40
Lasters	2.00	1.34	1.60	2.65
Stitchers	1.49	1.06	1.25	2.28
Heelers	1.42	1.22	.77	3.72
Edge setters	1.67			3.69
Finishers	1.73	1.30	1.06	3.11

In 1894 the weekly wages of journeymen shoemakers in Germany ranged from $1.66 in Breslau to $5.23 in Bremen, and in other places they were from $2.50 to $3.50. That is, they were little more for a week than similar workmen in America get for a day. A consular report says that in Berlin the average earnings per year in the different factories are, for men, $142.80 to $214.20; for women, $47.60 to $119, and for youths of both sexes, from $47.60 to $117.10. Doubtless they are somewhat higher now, but they are still very low compared with earnings in America.

It may be said that the American workman turns out a greater product in the same time than any foreign workman. As a rule this is true, but the official reports from which the above table was compiled show that foreign operatives of the same class work more hours per week than those in Massachusetts—for example, 59 in England, 60 in Canada, and 60 to 72 in France, as against 58 in Massachusetts. Probably the longer time abroad nearly makes up for the slower speed.

If it should be allowed that the weekly product of the American workman is greater by 20 per cent than that of his foreign competitors, the labor cost here would still be more than 50 per cent greater than in Canada, 90 per cent greater than in England, and 95 per cent greater than in France. This would give those countries a dangerous advantage in competition.

We are gaining foreign markets without reciprocity. Our exports of boots and shoes for the year ending June 30, 1904, were valued at $7,238,940, as against $1,708,224 seven years ago, when the present tariff was enacted.

And yet about forty times as many of our boots and shoes are sold at home as abroad, and the home market grows faster than our foreign market. What should we gain by exchanging it for them? Reciprocity might for a time help merchants and shippers, but for working people it would be a delusion and a snare.

CHARLES O. WHIDDEN,
President Joint Council, No. 4, B. and S. W. U., Lynn, Mass.
JOHN R. RONALD,
Secretary-Treasurer Joint Council, No. 4, B. and S. W. U., Lynn, Mass.
ALBERT M. HARLOW,
Local 32, B. and S. W. U., Lynn, Mass.

MILTON S. FLORSHEIM, CHICAGO, ILL., WRITES RELATIVE TO DUTIES ON HIDES AND SHOES.

CHICAGO, ILL., *December 7, 1908.*

Hon. HENRY S. BOUTELL,
Member of Congress, Washington, D. C.

DEAR SIR: I inclose clipping taken from the Chicago Daily News of Saturday, December 5.

Should you or the Ways and Means Committee desire any further information at any time regarding the effect of the duty on hides, on leather or shoes, the writer will be pleased to obtain same for you and place it before you, either in person or by correspondence, as you may prefer.

Should you conclude to take the duty entirely off of shoes it might be well to investigate the advisability of lowering the schedule on those articles which must be used in making a pair of shoes; i. e., thread, shellac, et al., but by leaving the duty on shoes at a nominal figure, 5 to 10 per cent, it would be unnecessary to touch the present schedules on those articles unless your committee should deem it advisable for the general welfare of the public.

I want my position in politics understood. I am a lifelong Republican, have uniformly voted the Republican ticket, and am a staunch believer in the principles of protection, particularly where the element of labor enters largely into the cost of an article.

In considering the shoe and leather schedule it must be remembered aside from the manufacturer of shoes, the item of labor is of no particular consequence.

The discontinuance of the duty on hides would not effect labor, nor would the reduction in the schedule by putting leather on the free list effect the price of labor. The gross cost of labor in a pound of sole leather is about five-eighths of 1 cent to the pound and the average selling price of the leather is about 28 cents per pound.

On upper leather the element of labor is somewhat larger but not materially so.

Shoe labor is about 27½ per cent of the cost of the entire shoe. Only skilled labor is used in shoe factories; it is well remunerated and as far as my knowledge of wages goes it is the best paid labor employed in manufacturing, and producing a staple product.

The shoe factory capacity of the United States is in excess of the demand; i. e., the average shoe factory runs between eight and nine months per year. Through increased exports our shoe factories would be enabled to run eleven to twelve months per year.

There are 140,000 operatives employed in shoe factories in this country. What a boon to this number of employees if they could be employed continuously at good wages.

Increased production by the shoe factories would require increased production by the tanners, thereby employing more labor in that industry.

Very respectfully, yours,

THE FLORSHEIM SHOE COMPANY.
By MILTON S. FLORSHEIM, *President*.

[Chicago Daily News, December 5, 1908.]

LONDON, *December 5.*

Fearful lest the United States Congress accede to the demands of the American shoe manufacturers and abolish the duty on leather imported from England, the British bootmakers have decided to hold a meeting for the discussion of measures which it will be necessary for them to take in consequence. It is frankly admitted by several of the most important men in the trade that if the proposed abolition of the duty take place and no defensive protective step be taken the entire market here will be at the mercy of the Americans.

ENGLISH ARE APPREHENSIVE.

These exact words were used in conversation with the Daily News correspondent by one of the leading manufacturers, who continued:

> We may as well be frank and say that the shock which the Americans gave us seven or eight years ago was as nothing compared with what they will be able to do if they get free of duty our English leather, which is the best in the world. American workmanship plus our leather means the perfection of boot manufacture. Against such a combine we shall be able to do nothing. Still, the Americans have taught us so much in regard to boot manufacture that we may be able to devise some effective fighting tactics by which to save our trade.

According to another manufacturer the Americans, if they gain their object, will be able to put on the British market for 12 shillings and sixpence ($3) an excellent quality of boots (the American word for the same things is "shoes") which is now selling for 16 shillings

and sixpence ($3.98). At the old price it has sold to such an extent that it has made serious inroads upon every competitor. At the new price it will "sweep them all before it."

AMERICAN SOLE LEATHER INFERIOR.

Thus far the only trouble with American boots has been the inferior quality of the sole leather, but, with English leather for the soles, the American boot will become better and cheaper than the best British grade. Wilkins & Co., government contractors, who own factories all over the United Kingdom, assert that American manufacturers already have created an artificial scarcity of leather in England by buying up all they could find, and that, as a consequence, prices have increased 10 per cent. Thus the British makers are being hit all around, and, according to Wilkins & Co., there is not a single boot manufacturer in England who would not gladly welcome protection, no matter what effect it might have upon the country at large. A member of this firm said to the Daily News correspondent:

We are now working with American machines and use them nearly as well as the Americans themselves, but with the continued high price of leather it is a case of "We who are about to die salute you."

DEMAND PROTECTIVE MEASURES.

It will be the object of the manufacturers' meeting to make a strong demand for protective measures against the American product, whether the American duty on leather is taken off or not. The makers here say they have learned from special emissaries that there is hardly any doubt Congress will grant the petition of the American manufacturers.

CHICAGO, ILL., *December 7, 1908.*

Hon. HENRY S. BOUTELL,
Member of Congress, Washington, D. C.

DEAR SIR: The statement of Judge Cowan, of Texas, before the Ways and Means Committee, if newspaper comments are correct, shows that he is misinformed as to the effect of the duty on cattle hides on the price of shoes.

There is no doubt that the elimination of the duty on cattle hides will make the price of all shoes which retail at $2, $2.50, $3, $3.50, and $4 cost about 25 cents per pair less than what they now cost.

Answering your question regarding $8 shoes, I would say it would make but very little difference, as the element of profit of the retailer enters very largely into the selling price of this shoe.

The packer, not being a philanthropist, would and is doing precisely what others would do in his position, being on a strictly noncompetitive basis, does not pay any higher price for his cattle than will induce sufficient shipments to the market to obtain the necessary supplies of beef.

The continuation of this duty on hides is building and fostering an absolute monopoly of the sole-leather business, and will eventually give the packers absolute control of the shoe business.

This is foreign, I am quite confident, to the purposes of Congress when the statute was enacted putting hides on the tariff list, but this is precisely what it has and will eventually accomplish for the packer.

Very respectfully, yours,

THE FLORSHEIM SHOE COMPANY,
By MILTON S. FLORSHEIM, *President.*

BOOTS AND SHOES.

WASHINGTON, D. C., *December 14, 1908.*

Hon. S. E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR MR. CHAIRMAN: Milton J. Florsheim, president of the Florsheim Shoe Company, of Chicago, one of the largest manufacturers of shoes in the country, has sent me the inclosed clipping from the Chicago Tribune, December 8, entitled "Boots and shoes," and asks that it be printed in the hearings of the committee.

Very truly, yours,

H. S. BOUTELL.

[From Chicago Tribune, December 8, 1908.]

BOOTS AND SHOES.

The United States exported during the last fiscal year over $11,000,000 worth of boots and shoes. No other country came up to it. The lead which the American manufacturers have would be increased if the tariff revisers would give them free raw materials. The British manufacturers are worried over the outlook. British men and women bought last year nearly $2,000,000 worth of American footwear, one reason being the better fit and the neater look. The British manufacturers say openly that their business would be ruined if the price of American boots and shoes were lowered, as it would be if the manufacturers in this country got free raw materials.

If Congress were to refuse to put hides on the free list, where all the American manufacturers of boots and shoes and other leather goods wish to have them, it would be fair to infer that Congress sympathized with the perturbed British manufacturers and wished to protect them against an invasion of American shoes. It is the duty of Congress to help the export trade. Chicago representatives should bear in mind the fact that Chicago sends some shoes to foreign markets and would send more but for tariff obstacles which those representatives should remove.

Free hides would mean much more than an opportunity for boot and shoe manufacturers to expand their foreign trade. It would enable them to sell cheaper shoes to American consumers or to offer them at the old price shoes that would wear longer. There is so much competition in the boot and shoe industry that the consumer would get, in one way or another, the benefit of any reduction in the cost of manufacture. Whether he got a $3.50 shoe for $3 or a $3.50 shoe with 15

per cent more wear to it would make no practical difference. The main point is that the millions of Americans who buy the cheap grades of ready-made shoes would be directly and materially benefited if hides were on the free list.

CALFSKINS.

MILWAUKEE (WIS.) MANUFACTURERS OF CALFSKINS PROTEST AGAINST REMOVAL OF PRESENT DUTY.

MILWAUKEE, WIS., *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: In order that your committee may understand the effect that a protective duty has on the calfskin-tanning industry of this country and the necessity for its continuance, we would submit the following facts:

This industry represents an annual production of between forty and fifty million dollars. The product is largely of chrome tannage, a method originating in this country, and up to about two years ago we had a very considerable export business in calf leathers.

Foreign manufacturers, particularly those of Germany have gradually improved their product and are now manufacturing leather equal in every respect to any made in this country. The result has been that they have secured the larger part of our export trade for the reason that they have sold equally as good leather at from 10 to 15 per cent less than the prices we could make. Any reduction in tariff that would enable them to place their product on our home market on the same basis would be a severe blow to our industry.

Finished calfskins are sold on the basis of price per square foot, and Germany and France have a protective duty based on a rate per pound equivalent to about 2 cents per square foot or about 12 per cent.

The reasons that enable them to make the lower prices are obvious.

First. About 70 per cent of the calfskins tanned in this country are imported from Europe and brought in free of duty. The foreign manufacturer buying in his home market at first hand has a distinct advantage. The price of domestic skins is governed by the price at which foreign skins can be delievered in our market.

The freight we pay from the interior to the foreign seaport is more than equal to the average freight he pays to his tannery, and all further freight charges are to us an additional expense. The rates paid, varying from different shipping points and at different times, are from 15 to 50 cents a hundred, averaging about 25 cents. The additional expense of freight from our place of import, of course, varies with the locality of the tannery.

Our purchases are of necessity made through commission houses or through dealers, the average cost of purchase being 3 per cent, which, together with 1 per cent, consisting of freights, marine insurance, consular fees, etc., makes a 4 per cent additional cost to us on our raw material over the cost to the foreign manufacturer.

Second. Materials: Practically all of the tanning materials entering into our product are subject to duty, while all these materials are obtained without duty by our foreign competitors.

The following is a list of tanning materials which most largely are employed in manufacture and the percentage of duty based on the market prices of to-day:

	Percentage of duties.
Quebracho, extract, duty one-half cent a pound	11.11
Sumac, extract, duty five-eighths cent a pound	16.66
Degras, duty one-half cent a pound	20.00
Sumac, duty $6.72 a ton	9.08
Tartaric acid crystals, duty 7 cents a pound	25.00
Lactic acid, duty 3 cents a pound	85.71
Alum, powdered, duty one-half cent a pound	28.57
Alumina sulphate, duty one-half cent a pound	27.77
Ammonia, 22°	25.00
Blue vitriol, duty one-half cent a pound	10.00
Copperas, duty one-fourth cent a pound	33.33
Hæmatin, duty seven-eighths cent a pound	7.29
Hyposulphite of soda, duty one-half cent a pound	35.71
Logwood extracts, duty seven-eighths cent a pound	12.59
Potash, bichromate, duty 3 cents a pound	27.06
Soda, bichromate, duty 2 cents a pound	32.94
Aniline colors	30.00
Sulphuric acid, duty one-fourth cent a pound	27.72

Figuring on the tanning materials on the basis of the relative amounts of each kind consumed in actual manufacture, the percentage of cost averages fully 25 per cent against us on account of duties.

Third. Labor: Of all the conditions existing in manufacture under which we are at a disadvantage, this is of the most vital importance. To meet the labor conditions in the foreign factories would be a serious blow to thousands of American workmen. Viewed from the point of manufacturing, it would be impossible to compete with other industries and obtain labor at anything like the prices paid in the European tanneries.

From information obtained from the best sources the existing cost of labor in European tanneries is 50 per cent less than the cost in American tanneries. This information has been carefully gathered from foreign tanners and from laborers in this country who have recently worked in tanneries abroad. This difference of 50 per cent does not mean the difference in a day's pay, but the actual difference in cost of the leather produced for a day's pay.

In addition to the costs of production mentioned, there is a material difference in cost and maintenance of plants as well as a considerable difference in land values.

Following is a table of cost which has been made up on the following basis:

The raw calfskin cost is based upon the average cost for the past ten years.

The labor, tanning materials, and other expenses are based upon the actual cost of these items to a representative tannery runing continuously for eighteen months.

[Cost per square foot.]

Average cost of raw calfskins for the past ten years, including freight and buying charges, $0.12. = 73.98 per cent (A) of total cost of $0.1622 per square foot.

Labor (based as above stated), $0.019276, = 11.89 per cent (B) of total cost of $0.1622 per square foot.

Tanning materials (based as above stated), \$0.013842, = 8.53 per cent (C) of total cost of \$0.1622 per square foot.

Other expenses (based as above stated), \$0.009082, = 5.60 per cent of total cost of \$0.1622 per square foot.

Total cost per foot on this basis, \$0.1622, = 100 per cent of total cost of \$0.1622 per square foot.

ADVANTAGE TO FOREIGN CALFSKIN MANUFACTURERS.

[Freight and buying charges included in cost of raw calfskins.]

Four per cent of above 73.98 per cent (A), = 2.96 per cent of total cost of \$0.1622 per square foot.

Labor, 50 per cent of above 11.89 per cent (B), = 5.95 per cent of total cost of \$0.1622 per square foot.

Tanning materials, 25 per cent of above 8.53 per cent (C), = 2.13 per cent of total cost of \$0.1622 per square foot.

Total advantage to foreign calfskin manufacturers, = 11.04 per cent of total cost of \$0.1622 per square foot.

In consideration of the above facts, we believe that any reduction in the duty on finished calfskins would result in serious injury to our industry.

Respectfully submitted.

National Association of Tanners, by Fred Vogel, jr., president; Albert Trosdel & Sons; A. D. Gallun & Sons; Geo. Martin Leather Co.; Pfister & Vogel Leather Co., by Aug. H. Vogel, Secy.; Eisendrath, Schwab & Co., Chicago, H. J. Eisendrath, Secy.; The Ginis Pfleger Tanning Co., Chicago and Cincinnati. T. S. Keirnan, Gen. Mgr.; A. D. Eisendrath Tan'g Co., Racine, Wis., A. D. Eisendrath; Monarch Leather Co., Chicago, per Carl W. Eisendrath.

Submitted by F. C. Allen, 212 Lake street, Chicago, for the calfskin tanners.

HON. J. S. SHERMAN, M. C., SUBMITS LETTER OF THE BARNET LEATHER COMPANY, NEW YORK CITY.

WASHINGTON, D. C., *December 7, 1908.*

Hon. S. E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR MR. PAYNE: I beg to inclose you letter, herewith, with reference to the tariff on leather, which I commend to your consideration. The gentleman who writes knows whereof he speaks.

Sincerely, yours,

J. S. SHERMAN.

NEW YORK, *December 4, 1908.*

Hon. JAS. S. SHERMAN,
Washington, D. C.

SIR: The writer wishes to inform you as to the importance of not having the duty removed from finished calf leathers of all kinds, for the reason that it is impossible to compete with the German and French tanners, on account of the difference of wages.

As it is, with the 20 per cent duty, quite some leather is imported, as the shoe manufacturers find it to their advantage to buy it, whereas if the duty is lowered this country would be flooded with French and German production, and the result will be either the lowering of the wages or a curtailing of production.

You can readily see the importance of maintaining the duty of 20 per cent.

I hope you will give this matter your favorable consideration for the benefit of United States industries. As the writer understands it, the shoe manufacturers and tanners who testified before the Ways and Means Committee want hides admitted free of duty (of which we also are in favor), and to make a compromise they agreed to reduce the duty on calf and other kinds of leather. This of course would be unjust.

With the writer's best regards,

Very truly, yours,

BARNET LEATHER COMPANY,
M. S. BARNET, *President.*

BOSTON MANUFACTURERS OF CALFSKINS ASK THAT THERE BE NO REDUCTION OF DUTY.

BOSTON, MASS., *December 12, 1908.*

Hon. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: In order that your committee may understand the effect that a protective duty has on the calfskin tanning industry of this country and the necessity for its continuance, we would submit the following facts:

This industry represents an annual production of between $40,000,000 and $50,000,000. The product is largely of chrome tannage, a method originating in this country, and up to about two years ago we had a very considerable export business in calf leathers.

Foreign manufacturers, particularly those of Germany, have gradually improved their product and are now manufacturing leather equal in every respect to any made in this country. The result has been that they have secured the larger part of our export trade, for the reason that they have sold equally as good leather at from 10 to 15 per cent less than the prices we could make. Any reduction in tariff that would enable them to place their product on our home market on the same basis would be a severe blow to our industry.

Finished calfskins are sold on the basis of price per square foot, and Germany and France have a protective duty based on a rate per pound equivalent to about 2 cents per square foot, or about 12 per cent.

The reasons that enable them to make the lower prices are obvious.

First. About 70 per cent of the calfskins tanned in this country are imported from Europe and brought in free of duty. The foreign manufacturer, buying in his home market at first hand, has a distinct advantage. The price of domestic skins is governed by the price at which foreign skins can be delivered in our market.

The freight we pay from the interior to the foreign seaport is more than equal to the average freight he pays to his tannery, and all further freight charges are to us an additional expense. The rates paid, varying from different shipping points and at different times, are from 15 to 50 cents a hundred, averaging about 25 cents. The additional expense of freight from our place of import, of course, varies with the locality of the tannery.

Our purchases are of necessity made through commission houses or through dealers, the average cost of purchase being 3 per cent, which, together with 1 per cent, consisting of freights, marine insurance, consular fees, etc., makes a 4 per cent additional cost to us on our raw material over the cost to the foreign manufacturer.

Second. Materials: Practically all of the tanning materials entering into our product are subject to duty, while all these materials are obtained without duty by our foreign competitors. The following is a list of tanning materials which most largely are employed in manufacture and the percentage of duty based on the market prices of to-day:

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Blue vitriol, duty one-half cent a pound	10
Copperas, duty one-fourth cent a pound	33.33
Hæmatin, duty seven-eighths cent a pound	7.29
Hyposhulphite of soda, duty one-half cent a pound	35.71
Logwood extracts, duty seven-eighths cent a pound	12.59
Potash, bichromate, duty 3 cents a pound	27
Soda, bichromate, duty 2 cents a pound	32.94
Aniline colors	30
Sulphuric acid, duty one-fourth cent a pound	27.72

Figuring on the tanning materials used on the basis of the relative amounts of each kind consumed in actual manufacture, the percentage of cost averages fully 25 per cent against us on account of duties.

Third. Labor: Of all the conditions existing in manufacture under which we are at a disadvantage, this is of the most vital importance. To meet the labor conditions in the foreign factories would be a serious blow to thousands of American workmen. Viewed from the point of manufacturing, it would be impossible to compete with other industries and obtain labor at anything like the prices paid in the European tanneries.

From information obtained from the best sources the existing cost of labor in European tanneries is 50 per cent less than the cost in American tanneries. This information has been carefully gathered from foreign tanners and from laborers in this country who have recently worked in tanneries abroad. This difference of 50 per cent does not mean the difference in a day's pay, but the actual difference in cost of the leather produced for a day's pay.

In addition to the costs of production mentioned, there is a material difference in cost and maintenance of plants, as well as a considerable difference in land values.

Following is a table of cost, which has been made up on the following basis.

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Total cost per foot on this basis, $0.1622, equals 100 per cent of total cost of $0.1622 per square foot.

ADVANTAGE TO FOREIGN CALFSKIN MANUFACTURER.

[Freight and buying charges included in cost of raw calfskins.]

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Tanning materials, 25 per cent of above 8.53 per cent (C) equals 2.13 per cent of total cost of $0.1622 per square foot.

Total advantage to foreign calfskin manufacturers equals 11.04 per cent of total cost of $0.1622 per square foot.

In consideration of the above facts, we believe that any reduction in the duty on finished calfskins would result in serious injury to our industry.

In any further information or explanation is required, we shall be glad to have representatives appear before your committee if you will send notification to that effect to the calfskin tanners, care of New England Shoe and Leather Association, 166 Essex street, Boston, Mass.

Respectfully submitted.

Creese & Cook Company, Danversport, Mass.; Barnet Leather Company, Little Falls, N. Y.; The Ohio Leather Company, Girard, Ohio; Hunt-Rankin Leather Company, Peabody, Mass.; Weber Leather Company, West Lynn, Mass.; Grey-Clark-Engle Company, C. D. Kepner, treasurer, Berlin, Mass.; Dahl & Eilers Leather Company, H. Dahl, president, Woburn, Mass.; Carl E. Schmidt & Co., Detroit, Mich.; E. C. Mills Leather Company, by E. C. Mills, president, Boston, Mass.; Thomas Hide and Leather Company, by E. C. Mills, vice-president, Middleville, N. Y.; The Vaughn Calfskin Company, George C. Vaughn, president, Peabody, Mass.; Columbia Leather Company, N. A. Spalding, treasurer; Lennox & Briggs, Haverhill, Mass.; F. E. Cottle Company, by Chas. B. Brum, treasurer, Salem, Mass.; B. D. Eisendrath Tanning

Company, Racine, Wis.; Monarch Leather Company, Chicago–Boston; I. Agoos & Co., Boston; Eisendrath, Schwab & Co., Chicago–Boston; Fred Reufing Leather Company, Milwaukee–Fond du Lac, Wis.; A. F. Gordon, Boston; Lynch Brothers Leather Company, Boston–Salem; J. S. Barnet & Sons (Inc.), Lucius J. Barnet, secretary, Lynn, Mass; Albert Trostel & Sons, by R. U. Puffer, manager, Milwaukee, Wis.; Mills Brothers, Gloversville, N. Y.; Geo. F. Troutwine & Co., Gloversville, N. Y.; American Hide and Leather Company, by C. P. Hall, vice-president; Lucius Beebe & Sons; Ayer Tanning Company of Ayer, Mass.; Decien Beebe, treasurer; Beck with & Hiteman Brothers, West Winfield, N. Y.; Traugett Schmidt & Sons, per Albert H. Schmidt, treasurer, Detroit, Mich.; Muller Brothers, Cambridge, Mass.; Levor & New, factory, Gloversville, N. Y.; Thomas Garnar & Co., factories, Brooklyn, N. Y., Malone, N. Y.; Thos. Harbury Company, 68–82 Amsterdam street, Newark, N. J.; R. Neumann & Co., Hoboken, N. J.; Geo. F. Werner & Son, Jersey City, N. J.; Kaufherr & Co., Newark, N. J.; The Ferdinand Goetz Sons Company, by Thos. F. Harty, manager, Reading, Pa.; John P. Keefe Leather Company, P. J. Lynch, treasurer; The Carr Leather Company, Salem, Mass.; Donohue Brothers Leather Company, Lynn, Mass.; The Excel Leather Company (Inc.), R. F. Keith, president.

CANADA CORUNDUM.

SPRINGFIELD, OHIO, *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: On the suggestion of the Hon. J. B. Foraker, we desire to call your attention to the duty on Canada corundum, which, as you know, is 1 cent per pound. As manufacturers of abrasive wheels, and using a large amount of this material, we feel that this duty is a burden that the manufacturers of abrasive wheels in this country should not be called upon to bear. There is not a single pound of corundum being mined in the United States to-day; neither does this corundum compete against any emery produced in the United States, as the American emery is of such a very poor quality that we do not know of a single emery-wheel manufacturer who uses it in their product.

We feel that the duty should be entirely taken off from Canada corundum, and solicit your interest in this matter.

Trusting you will give it your attention, and thanking you in advance, we beg to remain,

Yours, very truly,

THE SAFETY EMERY WHEEL CO.,
By J. B. BAKER, *Secretary and Treasurer.*

CHAMOIS AND PARCHMENT.

THE DRUEDING BROTHERS, PHILADELPHIA, PA., ASK PROTECTION FOR THEIR PRODUCTS.

PHILADELPHIA, *November 28, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: When your committee reaches the leather schedule we beg to submit for your consideration our views as manufacturers of chamois leather, skivers, hatter's leather, and other sheep leathers.

Our company is now manufacturing some of these leathers successfully under the present tariff rate of 20 per cent ad valorem. This rate of duty places us practically on an equal basis with foreign manufacturers and is about enough to equalize the difference in cost of labor. We fear that if duty is removed or lowered these goods can not be manufactured here profitably, the only reason being the lower cost of labor in European countries. We therefore respectfully request your committee to fix rate of duty on chamois leather and sheep leathers same as before, 20 per cent ad valorem.

Parchment.—Our company has practically completed experiments with a view of manufacturing this article. It is now on the free list. We are quite sure if this article were placed on the dutiable list, same as other sheep leathers, this article can be profitably manufactured in this country. As long as it is on the free list, however, we do not think that it would pay to manufacture this article here. Our only reason, again, is the difference in cost of labor.

We figure that labor cost in European countries is between 33⅓ per cent and 50 per cent lower than we pay here for equal labor. If your committee would encourage the manufacture of this article in the United States, we would immediately commence manufacturing parchment. We respectfully request, therefore, that this article be placed on the dutiable list at the rate of 20 per cent ad valorem.

Should your committee require any further information on these subjects, the writer or another officer of our company will make it convenient to meet your committee at any time or place you may name.

Respectfully submitted.

Yours, very truly,

DRUEDING BROTHERS COMPANY,
CHAS. C. DRUEDING, *Treasurer.*

CHROME AND OAK LEATHERS.

JOHN W. PECHIN, PHILADELPHIA, PA., ASKS ADDITIONAL PROTECTION FOR HIS PRODUCTS.

PHILADELPHIA, PA., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I wish to advocate an increase of duty of from 20 to 40 per cent on chrome and oak apron leather, chrome and oak picker leather, and chrome and oak roller leather, in butt form. Also an

increase of from 35 to 50 per cent on oak and chrome roller leather, cut to size, or laps prepared. The same is contained in paragraph 438, letter M—sundries, bands and belting, or dress and other leathers.

Foreign competitors put us to a very great disadvantage, and an increase of duty of from 20 to 40 per cent will put us in a just and fair position to meet them in the open market. As the duty stands now they can sell their finished hides at 15 to 25 per cent less than we can. As an illustration, there are about 30 tanners in England who are tanning these leathers for the worsted manufacturers' use, and send to this country from 60 to 70 per cent of their output. These leathers are used solely on worsted machinery to draw and spin the wool, and on the worsted machinery you allow a protection of 45 per cent; on the worsted yarn about 40 per cent, which is fair and just, but to the tanners of worsted leathers you only allow 20 per cent, which does not allow the American tanner to compete with the foreigner, and for this reason there is very little worsted leather tanned in this country. Seventy-five per cent of the leathers used in the worsted mills in this country are tanned in foreign countries.

Notwithstanding that we are tanners of these leathers, there are times when we are offered leather by the foreign tanners at prices very much below what we can produce same for in this country, and we are obliged to curtail our own output and purchase from them. For example, see Exhibit No. 1, letter from a foreign tanner, quoting prices and making shipment of leather to us at 20 pence per pound (40 cents). Adding duty of 20 per cent makes the cost 48 cents per pound, which is much less than we or any other American tanner could tan the leather for.

Exhibit No. 2 shows bill and prices from foreign tanner on chrome apron butts of 2s. 3d. (54 cents) per foot; with duty of 20 per cent added it would make the cost to us 65 cents per foot.

Exhibit No. 3 shows bill and price to us on oak apron butts of 1s. 10d. (44 cents) per pound. Adding 20 per cent duty makes it cost us 53 cents per pound delivered.

We are unable to tan any of these leathers here at such prices, and we are compelled to buy in the foreign market.

The foreign workmen are paid much less than ours, and this, of course, is a factor in their cheap production. For instance, beams men in an American tannery are paid from $13.50 to $15 per week; in England they are lucky to get $6, and so on through every branch of the trade labor here costs from 40 to 50 per cent more than it does in foreign countries.

These leathers are mineral tanned and we are obliged to pay more for the chemicals than they do. For this process hides are bought in the hair, and they cost them 2 to 3 cents a pound less than it does us. You allow the raw hides a 15 per cent protection, but only allow us 20 per cent on the finished leather.

To prove this to your entire satisfaction—that we are entitled to this increase—we have inclosed bills and letters (Exhibits Nos. 1, 2, 3) showing that we are compelled to close our tanneries at times and buy in the foreign market, as we can purchase the foreign article cheaper than we, as tanners, can produce it, and we must do this in order to compete with the apron manufacturers.

We only ask justice for the American tanner. If you will increase this duty and give the tanners of this country an opportunity to compete with the foreign tanner, you will be encouraging a new business and giving employment to more of our fellow-countrymen, who deserve this protection from cheap labor.

Therefore, we beg that your committee, after considering the facts as above stated, will recommend to Congress the increased duty as follows:

From 20 to 40 per cent duty on oak and chrome and chemical tanned apron butts, and roller leather and picker leather for worsted and woolen machinery.

From 35 to 50 per cent duty on apron leathers, roller leathers, cut or scarfed to size, or laps prepared.

JOHN W. PECHIN.

Represented by
ANDREW MACALLISTER.

EXHIBIT NO. 1.

LIVERPOOL, *June 29, 1907.*

Mr. JOHN W. PECHIN,
Philadelphia.

DEAR SIR: We beg to acknowledge receipt of your order dated 15th instant, and we are obliged for same.

We are making shipment of the 20 bends to sample B, 18 to 20 pounds, at 20 pence (40 cents) per pound, per the steamship *Westernland*, sailing on Wednesday next, July 3.

Regarding sample No. 1, order for 20 bends, 15 to 16 pounds, at 18½ pence (37 cents) per pound, we regret that we are unable to make shipment of the 20 bends of this selection, as our tanners are at present very heavily sold in this weight, and unfortunately are not making many. They have, however, promised to try and supply the 20 bends as ordered, and in the course of a week or so they may be able to let us have them and we will ship them per the first steamer.

Our tanners recommend the No. 2 selection, 15 to 16 pound bends, at 18 pence (36 cents), as being quite equal to the No. 1 selection at 18½ pence (37 cents), and perfectly suitable for the same use, and they make a much larger quantity of the No. 2 selection, and can therefore supply them more promptly.

Yours, very truly, EVAN LEIGH & SON.

EXHIBIT NO. 2.

HALIFAX, ENGLAND, *September 17, 1906.*

Mr. J. W. Pechin, Philadelphia, bought of James Lee & Sons.

	£	s.	d.
50 krome butts as below: 56 by 54, 51 by 49, 55 by 55, 56½ by 56, 53 by 53, 52½ by 52, 51½ by 53, 54 by 52, 53 by 50, 56 by 52, 57½ by 57½, 54½ by 55, 57 by 56, 55 by 53, 57 by 58, 55 by 56, 55 by 54, 52½ by 52, 52½ by 54½, 53 by 49½, 53 by 55, 56 by 56, 51½ by 49, 52 by 53, 53 by 52½, 51 by 50½, 54 by 55, 54½ by 55, 53 by 51, 55 by 50, 54 by 54, 58 by 58, 61 by 61, 56 by 57, 56 by 57, 52 by 56, 57 by 56, 50 by 50, 52 by 50, 55 by 52, 54 by 51, 56 by 56, 55 by 55, 52 by 49, 55 by 51, 55 by 49, 54 by 55, 54 by 55, 57 by 59, 56 by 54 (1,015⅛ square feet), at 2s. 3d.	114	4	2

	£	s.	d.
Wrappers		5	0
United States tariff fees		10	4
	114	19	6

Five trusses J. P. 1/5, per steamship *Merion*, sailing the 19th instant.

Exhibit No. 3.

HALIFAX, ENGLAND, *August 20, 1907.*

Mr. J. W. Pechin. Bought of James Lee & Sons.

[Duplicate of bill of August 19, 1906, corrected.]

	£.	s.	d.
6 green apron butts, 134½ pounds, at 2 shillings	13	8	6
50 krome butts, as follows: 53 by 49, 59 by 55, 57 by 53, 57 by 52, 54 by 56, 52 by 52, 53 by 54, 50 by 49, 57 by 54, 56 by 54, 58 by 55, 57 by 55, 56 by 55, 54 by 53, 52 by 52, 57 by 53, 53 by 51, 56 by 55, 55 by 50, 54 by 52, 56 by 51, 56 by 53, 53 by 52, 59 by 56, 58 by 55, 56 by 53, 52 by 50, 56 by 56, 53 by 52, 53 by 52, 54 by 52, 60 by 56, 51 by 51, 51 by 50, 55 by 53, 61 by 54, 55 by 53, 56 by 52, 59 by 57, 55 by 53, 51 by 51, 54 by 51, 56 by 53, 52 by 50, 53 by 53, 55 by 52, 57 by 57, 60 by 56, 53 by 53, 56 by 54. .996½ square feet, at 2s. 3d	112	2	2
Wrappers		6	0
United States tariff fees		10	4
	126	7	0

6 trusses J. P. 1/6, per steamship *Merion*, sailing the 15th instant.

The Pechin Lesher Co. (Limited), Philadelphia. Bought of James Lee & Sons.

	£.	s.	d.
Truss 1, 10 apron butts, 173 pounds; truss 2, 10 apron butts, 179 pounds; truss 3, 10 apron butts, 160½ pounds; truss 4, 10 apron butts, 157 pounds; truss 5, 10 apron butts, 175½ pounds; total, 845 pounds, at 1s. 10d	77	9	2
Wrappers		5	0
United States tariff fees		10	4
	78	4	6

5 trusses P. L. P. 1/5, per steamship *Merion*, sailing the 2d proximo.

GLOVES.

VARIOUS CHICAGO BUSINESS HOUSES ASK RETENTION OF SPECIFIC DUTIES ON GLOVES.

CHICAGO, *November 25, 1908.*

Hon. HENRY SHERMAN BOUTELL,
Member of Ways and Means Committee,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: Regarding the matter of kid-glove duties, we feel especially fortunate in having a friend at court, and whatever other representations are made I know that what I write you will be

accepted as sincere and true from my standpoint. Practically my entire business is the importing of kid gloves. Briefly stated, an ad valorem duty would put all honest men out of business, as the actual value of a skin made up into kid gloves is often indeterminate. To increase the duty would be to sin against every woman that wears kid gloves, as it is practically insane to try and manufacture so-called kid gloves in the United States. Any country where goat's milk is not an article of diet is rendered inefficient in making kid gloves on account of the nonproduction of the raw skin. The riding duty of 40 cents per dozen for certain forms of sewing a glove, also the riding duty of 40 cents per dozen for gloves embroidered with more than three single strands is a subterfuge pure and simple, which protects no one but favors a few industries and again saddles upon the wearer an unfair and wholly unwarranted expense.

Summing up, after having talked with all the importers in Chicago, I find them of one accord, namely:

We are willing that the tariff on kid gloves should remain as it is.

We are desirous that the two riding duties of 40 cents each above mentioned should be abolished.

Hoping that this will appear to you in line with the spirit of the present investigation, and assuring you of its truth from our standpoint, and hoping that you can assist in maintaining the tranquillity of a business which is already overtaxed in duty, with kind regards, I remain,

Yours, very truly, FRANCIS T. SIMMONS.

CHICAGO, *November 25, 1908.*

Hon. HENRY F. BOUTELL,
Washington, D. C.

SIR:

* * * * * * *

We understand that there is quite a concerted movement to reestablish an ad valorem duty, and then to raise the scale from the basis on which it is now computed. We desire to protest most vigorously against any advance in duty, and to unqualifiedly condemn a resumption of the ad valorem scale, and we look to you, as representing our district, to insist on the retention of a specific duty, and also the abolishing of the extra amount now charged on pique and on embroidered gloves.

Respectfully, CARSON PIRIE SCOTT & CO.

CHICAGO, *November 25, 1908.*

Hon. HENRY S. BOUTELL,
Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR:

* * * * * * *

We are heartily in favor of specific rates on leather gloves, as at present assessed, and are unalterably opposed to ad valorem duties on these goods. It is only by the use of specific duties that the inter-

ests of honest importers and the Government alike can be safeguarded.

Second, the rates at present assessed on ladies' gloves are as high as this class of merchandise will bear, and any increase would simply tend to bar such goods out of this country. We are, therefore, in favor of allowing the present specific rates on ladies' gloves to remain.

Third, the cumulative duties of 40 cents a dozen on pique, prix seam, and stitched or embroidered gloves should be abolished. The cost of such sewing is not to exceed 10 cents per dozen extra, and the unreasonableness of increasing the duty by 40 cents per dozen on this account is apparent.

Very truly, yours, MARSHALL FIELD & CO.

HIDES.

SUPPLEMENTAL BRIEF OF S. H. COWAN FOR AMERICAN NATIONAL LIVE STOCK ASSOCIATION AND CATTLE RAISERS' ASSOCIATION.

WASHINGTON, D. C., *December 7, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Mr. Jones, in his brief for the National Boot and Shoe Manufacturers' Association, submitted a table, showing the top prices of top steers, steer hides, and sole leather (p. 2444), and this was for the purpose of proving his contention and that of other witnesses, that the price paid for cattle was not greater nor less, as dependent upon the price of hides in the market, and from this, he and other witnesses drew the conclusion that the man who buys the steer does not take into consideration the relative worth of the hide, and that on account of the conclusion thus reached, the man who owns the steer and sells it, gets no benefit from the tariff on hides in the price paid for the steer, as affected by the value of the hide, although the buyer of the steer does get the benefit of the tariff. That argument was for a purpose and not founded on reason.

The table is wholly misleading, first, because it is not the steer which makes the best beef, and which, therefore, brings the top price, which has the best hide.

Mr. Hill stated (p. 2429) that the hides of "Spready" steers command the highest price. The table of market prices of hides shown on page 12 of our brief, taken from the report of the Department of Commerce and Labor in the investigation of the beef industry, shows that the heavy Texas steers have the most valuable hides, and that the light Texas steers have as valuable hides practically as the heavy steers, and that butt-branded steers, Colorado steers, and heavy native cows have hides of approximately the same value.

We insert here a table, showing the ranges of the prices of cattle at Chicago, taken from the annual report of the Union Stock Yards and Transit Company, for the year 1907, giving the prices of the different classes of cattle, for each of the months of the year and the range in prices of the same classes of the average for each of the years 1896 to

1907, inclusive, from which it will be observed that the range in prices was very great on the same class as between classes.

Range of prices for cattle, monthly, for year 1907.

	Native steers 1,500 to 1,800 pounds.	Native steers 1,200 to 1,500 pounds.	Poor to best cows and heifers.	Native stockers and feeders.	Texas and western steers.
1907:					
January	$5.50 to $7.30	$4.40 to $7.20	$2.60 to $5.85	$2.00 to $5.00	$3.75 to $5.00
February	5.40 to 7.25	4.25 to 7.00	2.50 to 5.30	2.00 to 4.90	4.00 to 4.50
March	5.70 to 6.85	4.35 to 6.90	2.75 to 5.60	2.00 to 5.25	4.50 to 5.30
April	5.35 to 6.70	4.75 to 6.75	2.85 to 5.75	2.50 to 5.35	3.50 to 5.25
May	4.45 to 6.50	4.80 to 6.50	2.75 to 5.65	2.20 to 5.25	4.00 to 5.10
June	6.00 to 7.10	5.10 to 7.05	2.60 to 5.75	2.25 to 5.80	3.75 to 5.25
July	6.40 to 7.50	5.20 to 7.40	2.65 to 6.15	2.00 to 5.30	3.45 to 5.80
August	6.40 to 7.60	5.05 to 7.50	2.50 to 6.25	2.00 to 5.20	3.50 to 6.75
September	6.25 to 7.35	4.80 to 7.25	2.50 to 6.00	2.00 to 5.20	3.10 to 6.40
October	6.25 to 7.40	4.50 to 7.45	2.35 to 5.75	2.00 to 4.80	3.15 to 6.15
November	5.50 to 7.15	4.20 to 7.25	2.85 to 5.90	2.00 to 4.60	3.00 to 5.40
December	5.30 to 8.00	3.95 to 7.30	2.50 to 5.60	2.00 to 4.50	3.00 to 5.10
Range:					
1907	5.30 to 8.00	3.95 to 7.50	2.35 to 6.25	2.00 to 5.35	3.00 to 6.75
1906	4.75 to 10.50	3.90 to 17.00	2.40 to 6.60	1.75 to 5.10	2.90 to 6.25
1905	4.40 to 8.65	3.00 to 8.45	2.25 to 6.90	1.50 to 5.45	2.60 to 5.25
1904	4.35 to 10.50	3.35 to 12.25	2.00 to 7.50	1.50 to 5.50	2.40 to 5.65
1903	4.10 to 7.55	3.35 to 8.35	2.50 to 5.50	1.50 to 5.20	2.55 to 5.10
1902	4.25 to 14.50	3.60 to 9.00	3.35 to 8.25	1.90 to 6.00	2.55 to 7.65
1901	4.75 to 9.30	3.60 to 12.00	2.00 to 8.00	1.65 to 5.15	2.75 to 5.75
1900	4.70 to 15.50	3.90 to 11.00	1.75 to 6.00	2.10 to 5.25	3.00 to 5.90
1899	4.60 to 8.50	4.00 to 8.25	2.00 to 6.85	2.50 to 5.40	3.10 to 6.75
1898	4.10 to 6.25	3.80 to 6.15	2.00 to 5.40	2.50 to 5.40	3.15 to 5.40
1897	4.00 to 6.00	3.35 to 6.00	1.75 to 5.40	2.40 to 4.75	2.75 to 4.90
1896	3.40 to 6.50	2.90 to 6.25	1.75 to 4.40	2.20 to 4.10	2.10 to 5.50

Valuation, cattle, 1907	$173,326,738
Valuation, calves, 1907	4,424,700

Thursday, December 5, 1907. 90 loads of fat cattle, exhibited in the International Live Stock Exposition, sold in the auction for an average of $6.48, with the grand championship load at $8. Top on open market that week was $6.35.

It is common knowledge that the price at which cattle are sold is regulated more by the quality and finish than by the size and quality of the hide. Take a 5-year-old Texas steer half fat, which will sell from 3 cents to 4 cents, and take a steer from the same herd when he is 2 years old, put him on the range in Montana and keep him two years, ship him to Chicago market, and he will sell for a cent a pound more and will weigh at 4 years old probably 150 to 200 pounds more than the other steer mentioned. Then take either one of them and put them on feed for four months and the value will increase, both because of the additional weight and the quality, another cent per 100 pounds. These comparisons can be made all down the line, and it therefore must appear at once to any sensible man that the attempt to draw the conclusion that the owner of the steer gets no benefit from the market value of the hide, whether that value have the 15 per cent in it or not, is absurd. We insert this table of prices with these suggestions to show how utterly erroneous are the conclusions thus placed before this committee by these gentlemen, the tanners and shoemakers, who, whether intending it or not, will mislead the committee into the belief that the owner of the animal sold on the market does not profit by the fact of a higher range of prices for hides, made so by the tariff, but that the purchaser of the animal gets that.

Undoubtedly this contention has for its foundation wholly the thought that if these gentlemen can lead this committee to believe that the raiser of the live stock does not get a benefit from the tariff that it will be all the easier to get hides put on the free list. It is quite inconceivable that the tanner and shoemaker care in point of fact whether the farmer gets it or not; they are afraid to run counter to him. What they want is that the tariff be taken off, in order that these manufacturers of leather and shoes may increase their own profits. If they can make you think the packers get it they hope for easy sailing.

The plea is made all the way through for the laboring man and for the ultimate consumer of shoes and leather, and these gentlemen say that it is only on that account and not for their own profit that they wish the tariff removed. Now, if this is the true object, what difference does it make to them whether the man who slaughters the steer gets the benefit of the tariff or whether the farmer gets it? He asserts that his object is to transfer the benefit to the laborer and the consumer.

Mr. Hannon seems to have based his argument upon the proposition to extend the market for American-made shoes in foreign countries, and he complains that the English manufacturer exports four times the amount of shoes into France to what the American manufacturer does; and he states that the American shoe is handicapped by a maximum tariff, with all signs pointing to a greater increase in the future; and then states that some relief must be had if the American manufacturers' market is to be extended.

He states that some relief would be had if the tariff on hides would be removed, and "to that extent will lessen the original cost to meet the burden of the foreign import tax upon the American shoes." He says: "Give us free hides and the American shoes will be improved in quality or lowered in price to the American consumer, placed within the reach of a larger body of consumers abroad, and a great benefit will be visited upon a much larger per cent of the population of this country by a substantial addition to our annual wage distribution." (P. 2442.) These are pretty phrases, but utterly inapplicable to the facts; besides, it is a strange doctrine—indeed, novel—that the stock raiser shall suffer in order that the manufacturer shall be able to pay the foreign tariff.

As was shown in our brief and in the examination of various witnesses by the committee, the difference in price of the shoe can not amount to more than 3 cents or 4 cents per pair, and Mr. Hannon's assertion that the wage-earners will get it is not supported by any proof.

It appears that what he thinks would happen is a large increase in exports by taking off the tariff on hides; he apparently overlooks the complete answer to this contention that there is no tariff in such case; besides, he points out that the duty imposed by France is the only obstacle there—that is, 48 cents per pair.

What is the use of Mr. Hannon talking about this tariff on hides as related to the export business of shoes when, in the first place, the tariff does not exist if the shoes are made from the imported leather, when his effort is to get imported hides and leather, which he can now do, and, in the second place, he now has a large and rapidly growing foreign trade.

It has been so repeatedly affirmed, as is stated by the quotation from an address of Governor Douglas (p. 2443), that hides begun to advance in 1897 and continued thereafter to advance, etc.; that this committee may have been misled to believe that it was in fact true; but such is not the case. Furthermore, this statement has been made for the purpose of having the committee draw the conclusion that it was because of the tariff on hides that such advance in price of hides has taken place.

In the review of the Chicago hide market, in the issue of the Leather Reporter Annual for 1908, is shown the fluctuations of each month for seven years, 1901 to 1907, inclusive.

Average prices of Chicago packer and country hides for 1907, with comparisons.

[From Hide and Leather Reporter, December 28, 1907.]

	Native steers, heavy.	Butt-branded steers.	Texas steers, heavy.	Texas steers, light.	Colorado steers.	Native cows, heavy.	Native cows, light.	Branded cows.	Native bulls.	Branded bulls.
Chicago packer hides, 1907:										
January	$16.81	$14.50	$15.25	$15.25	$14.25	$15.44	$15.19	$14.25	$13.25	$10.50
February	16.25	14.50	15.25	15.25	14.25	15.06	14.85	14.25	13.25	10.50
March	15.45	14.25	15.25	15.25	14.05	14.40	13.95	14.20	12.80	10.50
April	14.25	13.56	15.00	14.90	13.87	13.31	13.00	13.70	12.06	10.25
May	14.45	13.90	15.05	14.93	13.75	13.25	13.37	13.25	11.65	10.30
June	14.95	13.95	15.25	14.90	13.75	13.65	13.65	13.00	11.25	10.25
July	14.69	13.56	15.00	14.25	13.56	13.50	13.10	12.95	11.81	10.05
August	14.10	12.55	13.80	12.70	12.06	12.80	12.00	11.80	12.65	10.05
September	14.12	12.00	12.81	10.87	11.00	12.50	11.87	9.70	12.35	9.56
October	14.68	12.00	13.00	11.00	11.06	12.62	12.06	9.75	12.10	9.85
November	13.60	11.15	12.20	10.05	10.25	11.50	10.85	8.65	11.56	9.50
December	11.95	9.58	11.25	9.50	9.00	9.50	8.83	7.58	10.50	8.56
Average:										
1907	14.56	12.20	14.09	13.23	11.82	13.12	12.72	11.88	11.85	9.99
1906	15.43	13.99	14.88	14.85	13.66	14.96	14.88	14.11	12.20	10.59
1905	14.36	13.26	14.45	13.91	13.13	13.18	13.10	12.90	10.80	9.78
1904	11,77	10.93	12.67	11.71	10.84	10,62	10.47	10.27	9.12	8.13
1903	11.72	10.62	12.71	11.14	10.47	9.92	9.59	9.19	9.61	7.68
1902	13.37	12.33	12.45	12.46	12.09	11.21	10.14	10.02	10.62	9.15
1901	12.40	11.46	12.93	11.52	11.23	10.68	10.12	9.91	10.17	8.52
1900	12.00	11.08	12.09	11.16	10.54	10.68	10.59	10.24	9.93	8.46

Chicago country hides.

	Heavy steers.	Heavy cows.	Buffs.	Extremes.	No. 2 buffs.	Bulls.	Calfskins.	Kips.
1907:								
January	$14.12	$13.25	$12.87	$12.87	$11.87	$11.50	$16.00	$13.50
February	14.25	13.15	12.85	12.81	11.85	11.44	16.10	13.10
March	13.65	13.81	12.20	12.20	11.20	11.20	16.25	11.90
April	12.19	11.31	10.75	10.75	9.75	10.31	15.56	11.25
May	12.06	11.03	10.87	10.50	9.87	10.00	14.62	10.18
June	12.25	11.05	10.90	10.70	9.90	9.90	15.00	11.05
July	12.06	11.00	11.00	11.25	10.00	10.06	14.95	11.25
August	11.15	10.70	10.45	10.95	9.45	9.75	15.00	11.50
September	10.94	10.18	10.03	10.75	9.06	9.25	15.00	11.50
October	10.75	10.25	10.25	10.95	9.25	9.25	15.25	12.25
November	9.75	9.00	10.87	9.75	9.87	9.68	14.25	11.35
December	8.16	7.16	7.00	7.50	6.00	6.00	11.83	8.13
Average:								
1907	11.77	10.99	10.83	10.06	9.83	9.83	15.81	11.41
1906	13.76	13.44	13.41	13.44	12.45	11.07	15.76	13.73
1905	12.42	11.90	11.83	12.04	10.84	9.60	14.94	12.50
1904	9.91	9.41	9.39	9.59	8.41	8.08	13.43	10.81
1903	9.72	8.62	8.51	8.77	7.56	8.12	12.08	9.93
1902	10.35	9.22	8.79	7.74	7.74	9.11	11.82	9.36
1901	10.21	9.28	9.01	8.77	7.73	8.84	11.85	9.43
1900	10.92	9.36	8.79	9.53	8.16	8.49	11.82	10.16

The heavy native steer hides in 1901 were 11.94 cents, and January, 1907, to 16.27 cents. December, 1901, the same hides sold at 13.89 cents, whereas in December, 1907, they sold for 11.85 cents.

January 1, 1901, butt-branded steer hides sold for 11 cents, and in December of the same year, 12.45 cents; in 1907 the same hides sold in December at 9.73 cents.

Heavy Texas steer hides, January, 1901, sold for 11.98 cents, and in December, 1907, they sold for 11.20 cents. Colorado steer hides sold in January, 1901, at 10.50 cents, and in December, 1907, at 9.39 cents.

Such comparisons are fairly illustrative.

Now, it has been said that it is the heavy hides which the packers control, and on which they have advanced the price, and the claim is that it is because of the tariff, but it also appears that the light native cowhides sold in January, 1901, at 9.97 cents, and increased to 15.10 cents in January, 1907, and decreased during that year so that in December, 1907, the same hides sold for 9.06 cents. So the fluctuation was equally great in the case of the light cowhides, which, it was not seriously claimed, the packers control.

No. 1 calfskins sold for 12.05 cents in January, 1901, and at 16.03 cents in January, 1907, and declined during that year to 12.03 cents in December, 1907.

In the case of No. 1 kips, in January, 1901, the price was 9.80 cents, whereas in January, 1907, increased to 13.45 cents, and declined during the year to 8.93 cents, at which they sold in December.

Now, these two last classes of hides are not subject to the tariff, and it was freely stated that light cowhides were often, indeed, generally not subject to the tariff, yet we find the fluctuations in the market substantially the same from 1901 to 1907 in the hides not subject to the tariff and those which were subject to the tariff. The oft-repeated contentions of the witnesses apparently holding the tariff on hides responsible for the increase on their values, and that thereby the packers fixed the price and could not otherwise do it seems, therefore, to be utterly without foundation. Is that the sort of evidence on which this committee will act? Surely not, for if so, its judgment is worthless.

Mr. Jones stated (p. 2460), that this tariff compels the manufacturers of leather to sell their leather 15 per cent less abroad than they sold it in this country, but as 3 pounds of hide make 2 of leather, and the hide averages 13 cents, leather 33 cents, the tariff on the hide could not amount to over 10 per cent of the leather value. Why do these men "fudge?" Mr. Jones also says, "I will leave it to you if the man who has his material laid down in his factory at the lowest price is not the man who receives the benefit of the protection. If there is any answer to that proposition, I should like to know it."

Thus he confesses what is perfectly apparent, viz, that it is the object of these manufacturers who have appeared before the committee to thus take the benefit, instead of indulging that Damon and Pythias benevolence, which they have so beautifully expressed, of turning it over to the laboring man and to the consumer.

Mr. Jones said that all classes of upper and sole leather were sold abroad regularly and every day at far less than they are sold for here. Shall the farmer and stock raisers, therefore, sell their hides cheap enough to make up the difference? What becomes of their charity when we come in?

Mr. Jones further said: "The protection of the workingman abroad seems to me to be quite a point. It does not protect us, but it does protect the foreigner." Yet Mr. Hannon wants to sell shoes cheaper to the foreigner, hence to take off the tariff on hides.

There can be nothing to this, in view of the fact that the drawbacks are now allowed on manufactured articles and leather made from foreign hides when sent to a foreign country.

Then Mr. Jones makes the remarkable statement, probably in obedience to the suggestion of the chairman to "devote himself to the main proposition," viz, that "It is a fact, which everyone knows who is familiar with the subject at all, that hides are getting more scarce year by year." I say it is amazing if he intended that to apply to this country, for they have increased in production about 50 per cent since 1897, according to the report of the total number of cattle, shown on page 31 of our brief, taken from the statistical report of the Department of Commerce and Labor for the year 1907.

Mr. Jones then states that "Every hide that is taken off in the whole world has a ready market; it is immediately used up." Now, if this be true, how can he possibly expect that the taking off of the tariff will reduce the price of the hides? What becomes of the contention that the increase in price of hides in this country is caused by the tariff? Can the tariff do more than insure us a home market at the world's price, less cost of carriage?

Mr. Jones then states that if the hides from South America, Africa, and India should come here, they would be manufactured into shoes and thus shoes would be exported to all countries of the world. Does the present tariff on hides interfere with that? Undoubtedly, no. Is the price of hides here above the London market? Little, if any.

He asserted as part of his argument that there has been a falling off in the hides imported into this country since the duty was imposed, and he states that we imported 29,000,000 less, and that it means so many less workingmen employed and so much less leather gets manufactured in this country, etc. Where do his figures come from?

We can not know what years Mr. Jones used for comparison, but we refer to pages 8 and 9 of our brief, to show the imports of hides of cattle for ten years (1898–1907), from which it appears that the amount of imports fluctuated enormously, regardless of the tariff and increased materially, being 126,000,000 pounds in 1898, compared to 156,000,000 pounds in 1906, 113,800,000 in 1905, 163,000,000 pounds in 1900.

The increase in exportation in shoes was from 1,307,000 pairs in 1898 to 5,833,000 in 1907, and 6,552,412 pairs in 1908. This was a continual increase as it now is. Thus in ten years exports of shoes increased 400 per cent.

Here is a comparison of imports, hides, leather, and shoes, compared to exports:

Our total imports of hides in value (1908):

Goat skins	$17, 325, 126
Hides of cattle, dutiable	12, 044, 435
All other hides and skins	25, 400, 575
Total	54, 770, 136

Imports of leather (exclusive of gloves):	
Upper, belting, dressing skins, etc	$4,852,409
All other	1,448,720
Total hides and leather (exclusive of gloves)	61,071,265
Exports of leather (exclusive of gloves):	
Sole leather	7,024,313
Upper leather glazed	4,369,587
Patent	157,088
Upper—splits, etc	17,779,716
All other	2,727,513
Boots and shoes	10,666,949
Harness, etc	767,418
Other	1,984,385
Total	45,476,969
Total hides and skins (not furs)	1,760,032
Grand total	47,237,001
Balance of imports above exports	13,834,264

Goatskins, which make uppers for our shoes, exceeds in value this difference by $3,490,462.

When we consider that the total value of boots and shoes produced alone in 1905 (latest figures), produced in this country, was $320,107,-458, an increase over 1900 of 23 per cent, and an increase in export trade since 1897 of 400 per cent, what complaint can there be as to the great progress of the business, or that we are suffering from shortage of hides, or for want of a market?

The leather production in 1905 was	$242,584,254
Against same in 1900	173,977,421
Increase, 30 per cent.	
Against same in 1890	98,088,698
(See Census Bulletin 72, 1905.)	

Why this clamor about decreasing business?

Why should we export leather from this country and export shoes made from the leather of home-grown hides if we do not produce enough hides to supply the leather used in this country? And why sell those shoes cheaper abroad than at home? Why do they insist on imported free hides for the purpose of manufacturing in order to sell in foreign countries when they do not have to pay a duty on the material going into such exports?

Now, Mr. Jones further states (p. 2462), that the packers "control every hide that is produced in this country." Of course, that is not true, and was either made ignorantly or to deceive. Then, again, he says that they become very large tanners; that his friends in the leather business are compelled to buy their raw material from them as competitors; that the packers send their agents throughout the country to buy up hides.

Why do not Mr. Jones's friends, the tanners, buy hides from the people that the packers buy from? What is to prevent it? Is it not a fact that they do buy from independent butchers, slaughterers, and hide dealers everywhere? We assert it to be a fact, and challenge investigation.

Then he states that the packers name the price of hides; then he states that the hides dropped during 1907, owing to financial condi-

tions, like every other commodity, to a very low price. But as there was a scarcity of hides, if we believe him, why didn't the packers keep the price up?

He then inquired what his friends, the leather men, are going to do in competition with leather which the packers have for sale, and that as he claims, is made on the basis of the 9-cent hides; and for this, he says that the condition is absolutely incompatible with the independent tanner.

Why would the independent tanner be hurt in competition with the packer unless the packer was selling the leather cheaper to the consumer? It is amazing that these gentlemen profess so much concern for the consumer and urge that the duty be taken off the hides, with such vehemence, and yet in the same breath make it as a part of their complaint that the packers have tanned hides and sold the leather in competition with their tanners. He says that every independent tanner will be wiped out in three years if the duty is not taken off. If that comes about by consolidation of these concerns engaged in tanning, it is quite independent of the tariff; but rather the tendency will be that the tariff will prevent them reducing the price of what they buy—hides. Must the independent tanners' life depend on lower hides? If so, he is down and out the world over.

Of course, all of these contentions which they make are mere jargon of words. The packers start out with only the control of the 5,000,000 hides they slaughter. If they fix the price of hides by what they have to sell, surely it fixes it for what hides they buy from others, else the tanners would buy from the other hide men, as they undoubtedly do, and pay the same price.

As we have shown, hides increased enormously in price, and presumably in all parts of the world, up to January, 1907, then declined 40 per cent. But when did this committee conclude that a high price is an evil? Is not the doctrine of high prices for farm products the gospel of prosperity? Why this change when it comes to getting it?

It would seem useless, therefore, to further answer in detail these arguments and false hypotheses, which have been made for the sole purpose of trying to convince this committee that it makes no difference to the farmer and stock raiser who produces the animal that there be a tariff on hides—that the packers get it.

As we understand it, the contention is made that the big packers control the United States Leather Company, and that by the methods claimed to be used that company and the packers control the business in hides and leather, and that such being the case they get the benefit of the tariff on hides to the detriment of the so-called independent tanner.

The most complete proof we can make against that theory is contained in an article published in the May number of The Annals of the American Academy of Political and Social Science, written by Mr. A. Augustus Healy, vice-president of the United States Leather Company, New York City, wherein the same argument for free hide is urged substantially as is presented to this committee. Is it not strange that if they get the tariff on hides, such article should have

appeared? We quote from it in order that you may judge. The article is, in part, as follows:

THE LEATHER INDUSTRY AND THE TARIFF.

[By A. Augustus Healy, vice-president United States Leather Company, New York City.]

The leather industry is one of the industries of the United States that are victims, not beneficiaries, of the tariff. Shoe manufacturing is another. Agriculture, conspicuously, is a third. There are others.

Partly because of the abundance in our country of oak and hemlock bark and other tanning material, partly because of the enterprise and skill of our people, American tanners have been able, not only completely to hold their home market, but to export increasing quantities of leather to Europe. This they have succeeded in doing notwithstanding the handicap imposed upon them by the tariff—a handicap now more serious than ever.

The leather industry has never asked for governmental favor. It has never demanded that the people of the United States be taxed for its benefit, but itself has been taxed and is now taxed by the tariff for the benefit of other and more favored industries. It has paid higher prices because of the tariff for its steel and copper, for building material, for machinery and tools, for oils, and other minor articles used in manufacture. It has paid these taxes and all engaged in the industry have paid an increased cost of living by reason of the tariff without getting the slightest benefit in return. Added to this, our market abroad is diminished by the high tariff on foreign imports, which prevents other countries from sending here commodities in return for which they would take increased quantities of our leather and also increased quantities of our boots and shoes.

Notwithstanding the double detriment to our industry worked by the tariff, until a decade ago no protest or complaint had gone up from leather manufacturers. The protective system in an extreme form had been adopted by the Government and was accepted by them as part of the established order of things. The injustice and injury to their particular business was borne in silence. But when, in 1897, it was proposed in the Dingley tariff to assail us with a duty on hides, the raw material of our industry, the leather people thought that it was time to protest. A delegation went to Washington and appeared before the Ways and Means Committee to remonstrate against the imposition of this duty. They told how not only the manufacture of leather, but cattle raising, had expanded and reached to foreign markets during a quarter of a century of free hides. They showed that the United States produced and could produce only about two-thirds of the number of hides required by our tanners, necessitating large imports of them [NOTE.—Cattle have increased in the United States over 50 per cent since 1897; see our brief, p. 31]; that we should be at a great disadvantage in the hide markets of the world in competing with Canada and European nations, none of which imposed a duty on hides; that our growing export trade in shoes would be handicapped by the enhanced cost of leather. They pointed out that hides, in relation to cattle, were a by-product, and farmers would get little or no benefit from the duty; that there had been no request for such a duty from cattle raisers, or, indeed, from any source, so far as had been heard [NOTE.—But the cattle raisers do protest against putting hides on the free list. That has been their interest all the time]; and, finally, that it would be most unjust to the leather and shoe industries of the country, which then were receiving only injury from the tariff, to impose this additional burden upon them. The argument at the hearing was one-sided, no one appearing in favor of the duty, but the committee turned a deaf ear to the appeal of the leather men and the odious tax was imposed. At that time Senator Hanna was in control. He had promised that "everybody should be protected," and no person in opposition to a duty had any standing at Washington.

During the decade since the imposition of the duty on hides it has been a constant and serious detriment to the great leather and shoe industries of the country, which employ so many thousands of men and so many millions of capital. The injustice and injury of this duty is deeply felt by all connected with the shoe and leather trades and is voiced at every meeting of their associations. A large delegation of prominent leather and shoe manufacturers

appeared before President Roosevelt more than a year ago to invoke his influence with Congress in favor of its repeal, but without result.

By dint of great effort and with a minimum of profit on their exported products, the leather and shoe manufacturers have been able thus far to retain their hold on foreign markets. [NOTE.—Not only that, but a growing trade—400 per cent increase in ten years.] Their trade, however, with European nations is not increasing, and there is danger of its diminution. Through the operation of the maximum and minimum tariff our exports of shoes to Germany and France are likely soon materially to fall off unless our Government responds to the overtures of those nations for some form of reciprocity. [NOTE.—Mr. Hannan says the French tariff is in the way.] We can produce here a better quality of both sole leather and upper leather at a given price than can be produced in Europe. We are far more skillful in the manufacture of shoes. But, as President McKinley said, "If we will not buy, we can not sell." We need reciprocity with the countries of continental Europe, with Canada, and the South American republics. A more liberal policy on the part of our Government in the establishment of trade relations with other countries, which should result in increased interchange of commodities upon a fair and friendly basis of reciprocity, would tend greatly to augment our exports of leather and shoes, to the great advantage of those industries and to the benefit of the country at large. [NOTE.—How can trade relations be established with free trade on hides, leather, boots, and shoes?]

Now, can anyone read this and doubt that the tanners, great and small, ride in the same boat—no tariff on hides?

We are on the other side.

Now, let us assume, for the sake of the argument, that it is a fact that the packers send their agents throughout the country buying the hides, so that they get control of the 55 per cent or 60 per cent which they do not skin; and let us assume that they are thus procuring hides to be tanned by contract, when not salable at a satisfactory price, and that they do in fact control some of the largest leather-producing concerns. What would their agents pay the farmer and stock raiser and independent butcher and other producers of hides if there is no tariff on hides? Had you thought of that? Suppose the independent tanners of this country, instead of supplying themselves from the other hide producers and packers, independent butchers, and should in fact go to South America for their hides. Will that not leave the farmer and stock raiser in a worse condition by having an ultimately poorer demand and lower price for hides? Can any sane and honest man deny that it would cost the farmers and stock raisers all the tanners gain? Would not the packers, as hide men and tanners, gain just as much as the tanner?

It was stated by Mr. Cobb (p. 2414) that during the years 1880 to 1895 hides were low. "In other words, as a by-product they brought low prices. In 1889 we bought buff hides at 4 cents per pound. In 1893 we bought them as low as 3 cents per pound. At the present time, they are 13 cents. It is possible in foreign trade to do a large increasing business, if prices are not excessively high; when over 9 cents or 10 cents per pound for buff hides, our trade is entirely gone, as they use India skins for substitutes. For the past few years we have not been able to sell abroad upper leather in any quantity except under panic conditions, owing to the high values prevailing."

This statement follows his statement that before the advent of the American Hide and Leather Company in 1889, the tanners of upper leather were doing well, but he says that "This trust corralled practically two-thirds of the upper-leather tanners, leaving not more than a baker's dozen of what were called independent tanners in the upper-leather business. From the date of their starting (1889) to the pres-

ent time, this trust appeared to be out for quantity of business rather than profit."

Now, if the 14,000,000 hides produced in this country were increased from 3 cents or 4 cents per pound to 13 cents per pound—and he is speaking of buff hides which are wholly produced outside of the packers—surely those who produced them got the added price. If the American Hide and Leather Company, be it a trust or not, has increased the price of hides from 3 cents or 4 cents to 13 cents, and has enabled the farmer, raiser, and small butcher to sell his buff hides and get something for them instead of throwing them away, they have certainly been greater philanthropists than these gentlemen who now apparently wish the price to be reduced to enable these manufacturers to enter European markets, as stated by Mr. Cobb. Oh! the unselfishness of the tanner and shoemaker who would deprive the producers of the buff hides of 3 cents or 4 cents per pound, so that he can sell shoes and leather cheaper to foreigners than to his home people.

We challenge the correctness of the whole of the statements of these gentlemen with respect to the seller of the animals not getting consideration for the value of the hides, and that as affected by the tariff, no matter whether sold on the animal or sold after it is skinned; and we claim that the tanners can buy the hides, other than those skinned by the big packers, at the same price the packers pay for them, if the tanners will arrange the proper methods of buying; if the American tanners can compete with the world making leather surely they can buy the hides that are for sale, if they can pay the price. If the price is high, the seller gets it. We ask the committee to summon salesmen of cattle on the markets and salesmen of hides for independent slaughterers for the purpose of ascertaining the truth of these matters. Our information is that tanners buy freely from independent slaughterers, including both large and small tanners. We say, get at the truth.

Much has been said about the quantity of hides of cattle imported free of duty weighing under 25 pounds, salt or pickled, and under 12 pounds dry, but an examination of the statistics shows this to be of small importance. Statistics do not separate the kinds of hides except goatskins (free), cattle hides (dutiable), and all others than fur skins (free). The hides of bovine species must be found under that head, and as cattle hides come most largely from South America the ratio can be best ascertained by that comparison. The result is that we imported from South American countries (1907) 49,697,269 pounds of cattle hides, dutiable, and all other hides and skins (except goatskins) free, but 4,928,336 pounds, or about 10 per cent as much of the latter as the former, or about 9 per cent of the total. Included in these, however, is a large per cent of other than cattle hides, but the statistics are not shown. Probably if worked out it will be shown that not over 6 per cent of the total cattle hides come in free from South America.

What part of these are made into leather which is exported can not be shown, but since we export in sole leather alone equal in weight to about 40 per cent of the dutiable cattle hides, and the exports are mainly made from imported hides, and since we export approximately $25,000,000 of upper and other leather, of which split, buff grain, and upper leather is $17,779,716, it is clear that our exports

of leather from cattle hides of all ages, both dutiable hides and free, is almost if not quite equal to the imports of cattle hides; and that if there be an excess of importation of cattle hides, dutiable and free, it must be looked for in European imports (free) of hides and skins (other than goatskins, free, and cattle hides dutiable), the total of which from Europe was (1907) 98,640,447 pounds, or from North America, 14,566,200 pounds.

These latter are practically all from countries having tariff systems, except the United Kingdom, from which we imported of the above total hides and skins, free (1907), 28,823,287 pounds.

The total value of such imports from all of Europe was $23,549,037.

In so far as they are hides of cattle, it is of the utmost importance that a maximum and minimum tariff be provided for as a trading margin, as well as to make secure our home market for our own hides, when we come to make agreements to get an outlet for our surplus products of all sorts in these countries. Indeed, it is by no means certain that for purposes of revenue and for trading purposes we should not impose a minimum and maximum on the goatskins which come in free, but let it be upon a basis so small as not to increase materially the price of shoes to the consumer.

Most of the continental countries of Europe have a tariff system framed for trade and adjustable to that use, and we must bear that in mind, and put ourselves in a position to utilize our wonderful market as a temptation to their trade to some degree if we gain access to theirs to a still greater degree, upon which ground alone can a maximum and minimum system be defended.

OUR POSITION FOR TARIFF ON HIDES, LEATHER, AND MANUFACTURES OF LEATHER, AND BOOTS AND SHOES DEFINED.

First. We challenge the records of the Bureau of Manufactures of the Department of Commerce and Labor to show that we are just on the eve of facing competition of machine-made shoes in England, Germany, France, and Austria, made with our machines and by our methods, in any style demanded by the trade.

Second. They are fast adopting our best tanning and finishing processes.

Third. We are confronted with a tariff in most European countries on leather and manufactures of leather, boots and shoes, which countries are developing rapidly their trade, training labor of the same sort which we use and increasing their efficiency rapidly at low wages.

Fourth. We produce more cattle than the whole of South America, and far more than double any European country, yet barely enough cattle hides to supply our own home consumption in normal times of trade and probably an insufficient supply for present and future supply.

Fifth. We are vitally interested in increasing our production of cattle and hides.

Sixth. But above all interested that the producer get good prices.

Seventh. We are vitally interested in development of our trade in our manufactured articles and farm products in foreign countries, to increase our own output; hence to preserve our home market, as far as practicable, consistent with the largest production on the whole.

Eighth. We submit that for these reasons neither hides of cattle, leather, manufactures of leather, or boots and shoes should be put on the free list, but a sensible tariff system adopted to subserve our interest, and equalize its burdens or benefits fairly. Supposing a protective system is to be adopted on a basis of maximum and minimum schedules, let the minimum be low enough to enable us to reach the markets of the world on reciprocal trade agreements, yet preserve our home market for our home products to a reasonable degree, and maximum high enough to exclude those who do not deal fairly with us.

Ninth. Let those who send their goods and products here pay some tax for entry to our markets, where we are producing large supplies of the same sort.

Tenth. It is our opinion that, so long as a protective system is adopted, it would be foolish to put leather and manufactures of leather on the free list, which will surely in time decrease our output, or to put cattle hides on the free list, which is our only hide production to speak of, and thus reduce the value of our cattle, and strongly tend to decrease the number.

Eleventh. We believe, therefore, that a tariff should be placed on each of these products.

Twelfth. We further urge that it is imperative that in the schedules for manufactured articles and products more extensively made in foreign countries than by us, and which they are anxious to sell us, that as a basis for our more extensive trade with such countries in the way of leather, manufactured articles of leather, boots, and shoes, and every item of extensive farm production, particularly meats, live cattle, and hides, we should make schedules of minimum tariffs on a basis that will admit of beneficial reciprocal trade agreements.

Thirteenth. To leave out of the tariff scheme reciprocal trade agreements as to hides, leather, boots, and shoes would be suicidal.

Fourteenth. To leave it out in case of dressed beef and live cattle would be a crime, as we shall show this committee later.

We urge, therefore, that all this talk about putting hides and leather, boots and shoes on a free list, yet have a system of protective tariff, is a crime against a great industry, the very suggestion of which surely proceeded from insufficient knowledge or analysis of the facts.

Again, it is said that if leather and the manufactures of leather go on the free list hides should go on also.

We dispute this; we admit that in such case the price paid could not embrace the tariff, but a tariff would insure a home market for home-grown hides, which is very important for obvious reasons.

But so it is on leather and manufactures of leather, boots and shoes. Hence our prayer that all cattle hides, large and small, and the leather, manufactures of leather, boots and shoes be left in the scheme of maximum and minimum tariffs.

If, in making a tariff scheme to give us the greatest leverage to get good trade agreements, you leave out such important items as these, and give the world—all alike, every country—free access to our great markets, you enormously weaken our position. Free trade thus given to each and all of them by the law offers no inducement for either of them to take our goods or products on the most favorable basis, while a maximum and minimum holds in our hands these im-

portant trade considerations. In this surely the tanners and shoemakers ought to concur.

Respectfully submitted.

S. H. COWAN.

HON. F. E. WARREN, SENATOR, FILES PROTEST OF WYOMING CATTLE RAISERS RELATIVE TO HIDES AND CATTLE.

WASHINGTON, *November 29, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

MY DEAR SIR: I transmit herewith, for the consideration of your committee in connection with the proposed new tariff bill, letter from Mr. J. C. Underwood, secretary of the Laramie County (Wyo.) Cattle and Horse Growers' Association, protesting against the reduction or removal of the duty on hides and the duty on Mexican and Canadian cattle imported into the United States.

Very truly, yours,
F. E. WARREN.

UNDERWOOD, WYO., *November 25, 1908.*

Senator F. E. WARREN,
Washington, D. C.

MY DEAR SENATOR: In relation to the move of the leather interests to take the duty off hides and to admit Mexican and Canadian cattle free to the United States:

We hope that you will use every effort at your command to head this off. While the contention of the manufacturers is probably true that hides are higher than ever before, still, if the duty is taken off, the packers will surely cut us on the price of cattle. At the present time the packers in buying cattle figure the value of a hide at from $10 to $16 each, according to the size of the animal. If an immense amount of Mexican and South American hides are rushed in here, it will surely mean a reduction on the hide end of our cattle of $5 to $8 each. With the free importation of Mexican cattle, which can be bought for about $5 of American money, it would mean the flooding of our public ranges with thousands of these cattle, thereby destroying the grazing value of our ranges to such an extent that probably the supply would be rendered much smaller than now. Again, the far southern cattle, being so much smaller than our natives, it would take at least three hides to meet one of ours, to say nothing of the quality of the hides. It appears to us that if the Congress and country at large would do something to protect the way we have to do business, we could certainly increase the amount of hides now sold. Furthermore, we have no guarantee from the leather interests that in the event of their securing free duty on hides that the price of leather or shoes will be materially reduced. From the fact that they are generally conceded to be in a trust, it is more than likely that the retail price of leather products would remain on about the same basis as the retail products of slaughterhouses. At the present time the price obtained by us for the sale of cattle on the foot is only about what we

can produce them for. The conditions of our ranges at the present time makes the production of cattle a very unsatisfactory business.

We were under the impression that the oral hearing on the cattle schedule would not occur until December 2, but we were informed last Friday that it occurred that day, but that briefs could be filed up to December 4. Mr. Murdo Mackenzie and Mr. S. H. Cowan are now on the way or in Washington, and will take this matter up as representatives of the national association; but in the meantime the members of our association hope that you will use every effort to hold the present duty on hides and to stop the free importation of Mexican and Canadian cattle.

Very truly. J. C. UNDERWOOD, *Secretary.*

THE MASSACHUSETTS STATE BOARD OF TRADE CHARACTERIZES DUTY ON HIDES AS BURDENSOME.

BOSTON, *December 10, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means.

DEAR SIR: At a meeting of the executive council of the Massachusetts State Board of Trade, held November 24, the following resolution was passed:

Resolved, That the executive council of the State Board of Trade reaffirms its previously expressed opinion that the 15 per cent duty on hides is burdensome and unjust to our boot and shoe manufacturers, and should be removed.

Very truly, yours,

RICHARD L. GAY, *Secretary.*

THE CINCINNATI SHOE MEN'S ASSOCIATION ASKS THAT HIDES AND SKINS BE PUT ON FREE LIST.

CINCINNATI, OHIO, *December 9, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: At our regular monthly meeting held to-day it was decided to appeal to your honorable committee that in the adjustment of the new tariff schedule to place hides and skins on the free list.

The duty on hides and skins, as at present in operation, seems merely to protect only the large packing corporations and the hide speculator, against the interests of the consumer, manufacturer, and retailer.

We feel that by the continuation of the duty on hides and skins, it in no way benefits the stock raiser, nor does it help to stimulate the leather market, except to the interests of the few against the masses as a whole. The domestic supply of hides and skins is inadequate to the demand, thus the price on the finished leather is controlled by a few combinations, who have advanced prices to such an extent that it is hard to furnish the average wage-earner foot-

wear consistant with his salary. By abolishing the duty on hides and skins, we feel that it will enable us to give the consumer a more staple class of footwear and at the same time help our shoe manufacturers of this country, who at present outclass any foreign market as to style and general appearance, by adding to their product a more substantial quality, which under existing conditions it has been and is hard to obtain.

Trusting your honorable committee will give this their consideration, I remain,

Yours, very truly,

ROBT. BRINKMAN,
President Cincinnati Retail Shoe Men's Association.
J. MACDONALD, *Secretary.*

COL. ALBERT CLARKE, OF BOSTON, FILES SUPPLEMENTAL STATEMENT RELATIVE TO HIDES.

DECEMBER 7, 1908.

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

SIR: As I promised, in reply to questions by Mr. Calderhead on page 3638 of Tariff Hearings, I submit the following information:

[From Bureau of Statistics, Department of Commerce and Labor.]

	Pounds.
Imports during fiscal year 1908:	
Hides of cattle	88, 807, 751
Same from Cuba	1, 479, 229
Hides of buffalo	5, 658, 907
Imports during fiscal year 1904	300, 825, 242
Domestic product (929 establishments)	456, 443, 857

This latter is from the 1905 census, and covers only the product of packing and slaughter houses. There is, of course, a considerable product from small establishments and from farms, in addition to this.

Bulletin 55 of the United States Department of Agriculture for the year 1907, page 99, gives the domestic production of the hides of cattle (not including the live cattle exported) at 12,738,000. It gives the imports as 3,130,000, making a total of hides 15,868,000. There was a reexport of 130,000 hides and skins, but the proportions of each are not stated. Deducting the whole, however, there was left for domestic consumption 15,738,000.

The percentage of the import to the domestic consumption (the quantity tanned) was 19.72, or, for ease in stating, practically 20 per cent.

Inclosed is page 2198 from the Foreign Commerce of the United States for the fiscal year 1908, showing the quantities of hides of cattle imported the last three years and from what countries.

Very truly, yours,

ALBERT CLARKE.

EXHIBIT A.

	1906.	1907.	1908.
Hides of cattle imported from—	*Pounds.*	*Pounds.*	*Pounds.*
United Kingdom	9,361,161	6,315,581	1,488,144
Belgium	2,273,402	1,372,401	1,446,662
France	15,667,811	10,913,599	7,053,911
Germany	5,171,417	2,861,302	1,330,171
Other Europe	11,708,432	3,753,673	1,763,564
British North America	23,000,013	21,053,456	26,469,885
Mexico	12,467,929	14,709,027	10,821,566
Cuba	1,508,354	3,340,173	1,808,203
Brazil	1,685,821	1,336,364	483,253
Other South America	50,639,703	48,360,905	33,985,197
Chinese Empire	1,851,619	1,713,616	986,135
East Indies	16,146,218	14,681,763	6,860,495
Other countries	4,764,420	4,259,160	3,856,063
Total	156,155,300	134,671,020	98,358,249

THE TRUNK MANUFACTURERS' ASSOCIATION, ROCHESTER, N. Y., WRITES, ADVOCATING FREE HIDES.

ROCHESTER, N. Y., *November 27, 1908.*

COMMITTEE OF WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: For years previous to the enactment of the Dingley tariff law heavy hides were admitted free of duty, and that measure, as originally passed by the House of Representatives, did not place them on the dutiable list.

The cattle industry flourished before the imposition of this duty, and inasmuch as cattle are not raised for their hides, it is the belief of the Trunk Manufacturers' Association of the United States that the removal of the tariff on this product would not harm the producer and would benefit materially all manufacturers using heavy leather. Moreover, believing that the present duty enables a few large corporations to control the hide market, exerting a baneful influence upon all manufacturers using that raw material or its products, we respectfully request that you restore hides to the free list.

Yours, respectfully,

TRUNK MANUFACTURERS' ASSOCIATION
OF THE UNITED STATES,
By WM. L. LIKEY, *President.*

[Telegram.]

ST. LOUIS FURNITURE BOARD OF TRADE ASKS ABOLITION OF DUTY ON HIDES.

ST. LOUIS, MO., *November 27, 1908.*

MR. WILLIAM PAYNE,
Secretary Ways and Means Committee,
Washington, D. C.

At a special meeting held this day, our board unanimously adopted the request that the honorable Ways and Means Committee of the House of Representatives urge upon Congress that the duty on hides be abolished.

FURNITURE BOARD OF TRADE.
H. S. TUTTLE, *Secretary.*

WILLIAM FLACCUS OAK LEATHER COMPANY, PITTSBURG, PA., SUBMITS REASONS FOR FREE HIDES.

PITTSBURG, PA., *November 28, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: As the tariff hearings affecting the removal of the duty on hides will be heard in the next few days before your committee, we submit to you the following reasons for free hides:

We as tanners and manufacturers of leather are not asking for any special privilege. We simply ask you for the righting of a wrong put upon our industry in 1897.

Hides never were a political issue. Neither Republicans nor Democrats are on record as favoring the tax. The Dingley bill, passed by the House in 1897, kept them free. Without giving the leather and tanning industries ample opportunity to present their cause, the Senate imposed the tax. Ever since our industry has been forced to carry this unjust burden, and we, who have been engaged in the tanning of leather for years, have been forced to realize the enormous disadvantage accruing to us. Retarded development and growth and minimized profits have been the results.

Prior to 1897 hides were free except during short intervals when the Government found itself in need of revenue. Even then the tax was never more than 10 per cent, and always applicable to hides and skins of all description.

What revenue the Government did derive has always been negligable.

The demand for the leather is increasing faster than the supplies of raw material.

The vast regions of the West and Southwest, once the range of thousands of cattle, are being opened to the settler. Cattle in the United States are decreasing, while the population, and with it the demand for leather, increases with tremendous bounds. This is true of every civilized country in the world. The manufacturing nations have realized this truth and, with the single exception of the people of the United States, admit hides as the raw material of the tanning industry free of duty.

Every inhabitant, without exception, is a consumer of leather.

The tax is certainly of no benefit to them.

Neither farmer nor laborer derives benefit from the duty. The only advantages that accrue go to the packers, and they and no others are the real beneficiaries. This fact explains the gradual monopolization of the tanning industry by the big packers.

Hides should be free of duty because free raw material is vital to the expansion and growth of the leather trades.

Free hides give wider employment to labor by reason of resulting expansion of the industry. Instead of importing finished products, as we must, we should import the hides and allow our own labor to convert it into the finished article.

Farmers are not benefited by the duty. They are, instead, among the heaviest of the consumers of leather, and on the consumer the burden will eventually rest.

The duty is no protection to the American cattle raiser. He gets no more for his hides to-day than he did twelve years ago. This is clearly shown by the lack of interest he shows in hides, evidenced in the branding, which yearly spoils thousands of hides for the better grades of leather.

The tax yields no revenue of consequence to the Government, but instead cripples one of the most important industries of the country.

It has resulted in marked decreases of sole and harness leather exports.

For twelve years we have carried the burden of this unjust taxation.

This because it was not possible to secure revision upon a single item without the entire list of articles being taken up.

There can be no justification for burdening our industry longer.

Why not recognize and rectify an economic blunder? Why not place the American tanner in the same position relative to raw material that his German or Canadian competitor is in?

In closing this letter, we submit a letter written by James G. Blaine under date of April 10, 1890, in reference to the proposed duty.

DEAR MR. MCKINLEY: It is a great mistake to take hides from the free list, where they have been for so many years. It is a slap in the face of the South Americans, with whom we are trying to enlarge our trade. It will benefit the farmer by adding 5 to 8 per cent to the price of his children's shoes. It will yield a profit to the butcher only—the last man that needs it. The movement is injudicious from beginning to end—in every form or phase. Such movements as this for protection will project the Republican party into a speedy retirement.

Yours, hastily,

JAMES G. BLAINE.

This presents a true picture. Now, after twelve years of the tax, much more could be said as regards actual conditions in the tanning trade as a result of this injustice.

For the reasons enumerated above, we, as one of the old tanning firms of the United States, respectfully petition you as chairman of the Ways and Means Committee to exert your influence toward securing to us an unbiased hearing and to right an injustice that has hurt our industry and injured its growth for twelve years.

Respectfully, yours,

WM FLACCUS OAK LEATHER CO.,
Per E. W. F.

CITIZENS OF ILLINOIS AND RETAIL SHOE MERCHANTS OF CHICAGO ASK FOR FREE HIDES

CHICAGO, ILL., *November 25, 1908.*

Hon. J. G. CANNON,
House of Representatives, Washington, D. C.

DEAR SIR: As citizens of Illinois and retail shoe merchants of Chicago, we wish to ask you to do all in your power to have the tariff taken off of hides. As the supply of our domestic hides is by far too small to furnish raw material for our tanneries, free hides would be a very substantial measure of protection to all the industries connected with leather. The farmers do not derive any benefit from duty

on hides; it goes to the packers, and they are surely not infant industry.

The principle of "protection" can not be made to apply to hides, because they are not an article of manufacture made in response to demand, but result incidentally from the slaughter of cattle for food, and by being put on the free list would give employment to the people on the large quantities of leather that would be manufactured into shoes, harnesses, belting, etc.

The prices of leather are higher to-day than they have ever been in the history of the business.

This is the result of manipulation by the packers who control the sources of supply, which would be obviated if the duty on hides was removed.

Trusting you will aid in having the tariff on hides removed, we remain,

Very truly, yours,

De Muth & Co.,
237 State Street.
N. B. Holden,
225 State Street.
Foreman Shoe Co.
O'Connor & Goldberg.
French, Shriner & Urner.
Henry Hassel,
91 Van Buren Street.
Streeter Bros.
The Cutler Shoe Co.
Isidor L. Klein.
F. E. Foster & Co.
The Rosenback Co.,
Masonic Temple.

THE LEATHER BELTING MANUFACTURERS' ASSOCIATION, CONCORD, N. H., FAVORS FREE HIDES.

Concord, N. H., *December 2, 1908.*

Ways and Means Committee,
Washington, D. C.

Gentlemen: Whereas the Dingley tariff act of July, 1897, imposed a duty of 15 per cent on hides, which have for many years been on the free list, and

Whereas the claim then made, that by this duty the farmer would receive more for his cattle, has not been found true; on the contrary he is obliged to pay a higher price for harness, saddles, carriages, and other articles containing leather, and

Whereas the packers have during the past eleven years been engaged in the tanning of leather until they control a large part of the tanning industry, and

Whereas this 15 per cent duty enables these packers to still further control the tanning interests of the United States, it is

Resolved by the executive committee of the Leather Belting Manufacturers of the United States, in session in New York on December 1, 1908. that the wrong that was made in 1897 be righted, and that

hides be restored to the free list, and that leather belting be continued with the duties that were upon them before the Dingley law was approved, thus carrying out the policy of the Republican party of protection to manufactured articles, which is necessary both for a revenue for the Government and a protection to the laborer.

Yours, respectfully,

CHAS. T. PAGE, *Chairman.*

THE STANDARD LEATHER CO., PITTSBURG, PA., THINKS THE PACKERS THE ONLY BENEFICIARIES FROM DUTY ON HIDES.

PITTSBURG, PA., *November 28, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As president of the Standard Leather Company, an independent concern, I desire to bring before you for your serious consideration the question of tariff on hides.

Hides, as you all know, are raw material, and if they were not manufactured into leather of different kinds I am certain they would not bring over 2 or 3 cents per pound, as I know of no other purpose they can put to, except into leather of some kind or glue stock for making a high-grade glue, and it is putting it into glue I refer to when I say if not put into leather they would sell at 2 or 3 cents per pound, while at present they are selling anywhere from 11¾ to 17½ cents per pound, owing entirely to the fact that there is a tariff on hides and skins imported into this country, thus giving the packers of beef a monopoly and, to a great extent, control of the hide market. The packers gain all the benefit and by charging such outlandish prices for hides compel the tanner to charge accordingly for leather, and the consumer must pay into the maws of the packers.

The fact exists, which all of you gentlemen can understand at once, that all cattle, calf, sheep, hogs, etc., are not killed to produce the hide or skin; but they are killed for meat to feed the people, and the hides and skins should be a by-product selling at reasonable prices. Reasonable prices I would consider anywhere from 30 to 50 per cent lower than present prices, and if the tariff were removed from hides and skins the many millions of people of this country would enjoy cheaper shoes, harness, furniture, carriages, buggies, hats, gloves, etc.; in fact, any and everything in which leather is used, and allow me to say that every man, woman, and child in our country wears leather in some shape or form, and all instead of donating to the hungry, grasping packer combination would be receiving a benefit by the tariff being removed from hides. The packers to-day are interested in the Central Leather Company, which is called a "sole-leather trust," and at any time they have or there should be a surplus of hides the packers will sell to the Central Leather Company hides on private terms to clean up the surplus—private terms to my mind simply means reduced prices to the sole-leather trust. When independent or smaller buyers go into the market for hides the prices are again at the top notch. From this you can see the packers get two profits, viz, on his hides and again from the sole-leather trust, which they about control through the Central Leather Company.

Now, surely you must agree that such dealings are unfair to the people, and if other countries could sell their hides and skins here free from duty it would help the independent tanner and the people, who are the consumers.

It is an outrage against the people of the United States to keep a protective tariff on a raw material, such as hides and skins, imported or which would be imported into this country in large numbers for leather from France, Italy, Germany, Switzerland, and South America. With the tariff removed the independent tanner could, on account of cost of hides being reduced at least 30 to 50 per cent, work in his tannery two hides for what one costs him to-day. Thus the production would be increased in leather and consequently the prices would be reduced in proportion to cost of raw material or "hides," and the people would enjoy cheaper shoes, gloves, harness, etc.; in fact anything in which leather is now used would be cheaper to the people.

The fact is, packers to-day are getting more per pound for hides on an average than he gets per pound for his meats throughout, and remember the animal is not killed for the hide, but for the meat it produces to feed the people. Can you not see the inconsistency of having a tariff on hides and skins, a raw material worth what? If not put into leather, which the people must have for shoes, gloves, hats, etc., is it fair to the people to have a tariff on any raw material coming into our country to go into a manufactured article? Is it not the right and proper thing to have such raw material on the free list? Does it not increase the demand for labor in our country if we have free hides and skins to make leather from? Gentlemen, there positively is no country on the globe which can manufacture leather cheaper than it can be manufactured in this country so far as actual cost of manufacture goes. What we want as independent tanners and as the people, long suffering people, of this country want is cheap hides, cheap raw mataerials to make cheap leather, and no country on the globe can beat us selling cheap leather to the United States and the world.

It is up to you, gentlemen, to either help the people or the enormously wealthy packers, who are grinding the very souls out of the people, not only through high-priced hides, but on produce, eggs, fruit, poultry, anything they can control to a great extent.

Some agent or representative of the packers may tell you, gentlemen, that on account of getting higher prices for their by-products or offal they can and are paying the farmer who raises the cattle more money, live weight, for their animals. This is not true. Look up the statistics of the selling prices of cattle, hogs, sheep, etc., for the past ten or fifteen years and you will find that live animals, if any, are selling for very little more than they were when meats, such as steak, was selling at 12½ cents per pound, roast beef at 8 to 10 cents per pound, boiling beef at 4 to 5 cents per pound, and hides at 7 to 8 and 9 cents per pound for the best heavy hides; then turn and see what hides and meats are selling at to-day. Would ask you, is the farmer getting the benefit of the high-priced hides and high-priced meats; are the people getting the benefit of the high prices? You must answer no. Then, who is getting all the benefit? There is only one answer to this, viz, the packer and his friends and allies.

I wish to inform you that I have all my life been a Republican, my father and grandfather before me likewise, and I shall always remain one so long as the Republican party and its leaders are for the people and masses and not for classes. I am in favor of tariff to protect articles manufactured in this country, to protect our workingman and his family; but I am against tariff that prohibits the importation of a raw material that would cheapen the manufactured article to the consumer and the people of this glorious country of ours, and which can be improved upon at least 50 per cent if legislative bodies elected by the people would and will legislate for the masses and the people against the classes who dominate only because by fair and foul means they have gained control of an article of commerce, let it be what it may.

No doubt you will have this matter placed before you in a far more forcible manner, and also statistics to prove the claims of the tanners of this country, who are making a gallant fight against almighty money power to have the tariff removed from a raw material—hides and skins from animals suitable for leather only. Notwithstanding that I feel that my effort to reach you on this subject may amount to naught. I can not help adding my voice in protest against a tariff on raw material, enriching a few and making poorer every day the masses, the people.

Trusting that in all wisdom you will see this as I try to picture it to you, "a true picture"—anyone can see it who takes honest time to look—and remedy the matters by removing the tariff, I beg to remain,

Most respectfully, yours, GEO. J. LAPPE,
President Standard Leather Company.

HON. ROBERT L. TAYLOR, SENATOR, SUBMITS LETTER OF THE GRAY & DUDLEY HARDWARE COMPANY ON HIDES.

NASHVILLE, U. S. A., *December 5, 1908.*

Hon. ROBERT L. TAYLOR,
Nashville, Tenn.

DEAR SENATOR: We wish to call your attention to the fact that an effort is now being made to have the tariff of 15 per cent on hides removed.

The Wholesale Saddlery Association of America, of which we are members, and of which the writer is vice-president for Tennessee, is very much in favor of having this tariff taken off on hides, and have passed resolutions in their convention to that effect.

We believe it is to the interest of the leather dealers, harness and saddlery manufacturers in this country to have this done, and we trust you will use your influence to bring it about.

Thanking you in advance, and with kindest regards, we remain,

Yours, sincerely,

GRAY & DUDLEY HARDWARE COMPANY,
J. M. GRAY, JR., *Vice-President.*

(Communications similar in purport to the above, asking for the removal of the duty from hides, were received from the following: Jamestown Lounge Company, Jamestown, N. Y.; The American Oak Leather Company, Cincinnati, Ohio; Thomas Madden, Sons & Co., Indianapolis, Ind.)

HIDES, LEATHER, AND SHOES.

ENGLAND, WALTON & CO., PHILADELPHIA, PA., FAVOR FREE HIDES AND REDUCTION OF DUTY ON LEATHER.

PHILADELPHIA, PA., *December 2, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We have observed through the newspapers the thought expressed that the Ways and Means Committee is inclined to report a bill recommending that hides and leather be put on the free list.

As probably the second largest tanners of oak leather in the United States, we would like to express our views clearly as to the advisability of this action.

First. We approve of the admission of hides free of duty.

Second. We heartily approve of a decided lowering of the present rate on leather, but do seriously object to the entire removal of the same. We herewith give our reasons for the above conclusions.

We approve of the admission of hides free of duty, because the hide supply of this country is entirely inadequate to meet the demands for leather, and tanners are compelled to look for their necessary supply to the markets outside of this country. As statistics show, the per capita consumption of beef is lessening, while the per capita consumption of leather, owing to its various forms of utilization, is rapidly increasing, thereby widening the breach between the supply of the raw material, hides, and the demand for leather, and thereby compelling the tanners, more and more, as our country is settled, to look to outside sources for their hide supply.

We heartily approve of a decided lowering of the duty on leather, as we think it is and has been unnecessarily high, but we object to the entire removal of this duty for two reasons.

First. There should be a sufficient tariff to represent the difference paid for labor in foreign countries and in our own, and thus protect the labor of our country. This we figure would be represented by a duty of from 3 to 5 per cent.

Second. We object to the entire removal of the duty on leather, as we believe some duty should be maintained to prevent the foreign tanners, in time of depression in their own countries, using our country as a dumping ground for their surplus stock by selling their leather at cost in this country, and they would often thus be able to relieve themselves of their surplus, and still obtain higher prices in their own markets. In addition to the duty imposed for the protection of labor in our country, we think a slight addition should also be made for this reason, and therefore believe that a duty on leather of between 5 and 10 per cent should most decidedly be maintained.

To summarize, we believe in the abolition of the 15 per cent duty and the admission of hides free, and the reduction of the tariff of 20 per cent on leather to a rate between 5 and 10 per cent.

We wish to be placed on record as most strenuously objecting to the entire removal of the duty on leather for the reasons given in the foregoing, believing that the removal of all duty on leather would be a very serious blow to the tanning industry.

As this matter is of such importance, we have taken the liberty of sending a copy of this letter to each member of the Ways and Means Committee.

Very respectfully submitted.

ENGLAND, WALTON & CO. (INC.),
CHARLES S. WALTON, *President.*

GEORGE W. RUSSELL, ATKINSON, N. H., ASKS RETENTION OF PRESENT DUTIES ON HIDES AND SHOES.

ATKINSON, N. H., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I am a wage-earner and I suppose that I represent more than thirteen-fifteenths of the working people in this country, all of whom are dependent on a really protective tariff for American wages and conditions. I am a consumer and not a producer of American products. I have nearly all of my working life been connected with the boot and shoe industry as superintendent of a factory.

We produce nearly all of our consumption of dutiable hides, having imported only $20,649,258 in 1907. This enables us to fix the price on the small quantity imported. Our boot and shoe industry is the best protected of any of our large New England industries. All of the other large New England industries are subject to heavy foreign competition.

In 1905 Great Britain took of our sole léather $4,449,410 worth, and of other leather $11,072,078 worth, and of boots and shoes $1,943,845 worth. Great Britain's facilities for importing hides are far better than ours, yet with everything free that goes into a boot or shoe she took of us in 1905 $17,465,333 worth of leather and hides, were $651,343 worth. In 1907 our exports of boots and shoes were practically $10,000,000 worth. We are the largest exporters of boots and shoes in the world. With everything free that goes into boots and shoes Great Britain increased her exports of boots and shoes $1,000,000 worth between 1893 and 1902, inclusive, while we increased our exports of boots and shoes in the same time $5,250,000. Our sales of leather, hides, boots, and shoes to Great Britain show absolutely that the duty on the few cattle hides that we import does not increase the cost of our boots and shoes one particle.

As one interested in the production of boots and shoes, I entreat your honorable committee to leave the duties on hides, leather, boots, and shoes as they are now. The duties ought to be increased in nearly all the schedules of the Dingley tariff.

In 1908 we imported very nearly $70,000,000 in the manufactures of cotton. In 1905 we imported $5,500,000 worth of leather gloves and immense quantities of cloth and knit gloves.

In 1897, when the Dingley tariff was enacted, wages were low and products were low in price. Revenue was needed. The Dingley tariff afforded fair protection under conditions then existing. Between January 1, 1897, and July 1, 1907, there has been a great rise in wages in this country, with very little rise and in some cases no rise in competition with foreign countries. This has given foreign competition a great advantage in our market. This, with the trade agreements with the principal European manufacturing countries, leaves us with very little protection, and in some lines, particularly knit goods and gloves, without any. "The test of a tariff as to whether or not it is too prohibitory, or not sufficiently protective, is seen in the imports of a series of years." Judged by this standard, the duties on imported sugar are very nearly 1⅔ cents per pound. This duty, with the probability that American sugar would soon supply our market, gave us consumers 20 and 22 pounds for $1. The tariff was reduced one-fifth on Cuban sugar, and Philippine sugar is practically free (we give the Filipinos what we collect in duties); we get now 16 to 17 pounds for $1. In 1906 our import of sugar and molasses was valued at $85,460,088; in 1907 at $92,806,253. In 1897, when the Dingley tariff was enacted, our beet-sugar product was 37,500 tons; now it is 433,000 tons. A reduction of the duty has increased the cost of sugar to American consumers, and is increasing imports, and has so discouraged our beet-sugar producers that the industry is practically at a standstill, while it increased very rapidly under the Dingley tariff. There is no reason for the Cuban treaty or for free Philippine sugar. We have not yet learned the truth, that to have an article that we can produce, plenty, and cheap, and good, we must produce it ourselves.

Free of duty sounds nicely to many ears but it always works against the wage-earner's interests. We wage-earners in this country have lost millions in wages, since July, 1907, on account of the agitation for, and the fact of free importations, and the senseless war on our industries.

Now, gentlemen of the committee, we entreat you to fix the schedule in our tariff, so that a large part of the more than $800,000,000, in competing imports will be kept out. Our imports of the manufactures of cotton in 1907 equals the total production of Fall River, Lowell, and New Bedford, the three largest cotton manufacturing cities in this country. If these products were made here, what a tremendous addition to our consuming power it would be. Then when we come to multiply this by eleven, to cover our imports of competing products, it would add immensely to our consumption of everything that we produce. We should not need to pay England and Germany and other countries $2,000,000 or more in gold annually, to carry our bulky agricultural products to Europe.

All of our trade treaties and agreements with Cuba and European manufacturing countries need to be abrogated.

Very respectfully,

GEO. W. RUSSELL.

THE PRESIDENT OF THE NATIONAL ASSOCIATION OF TANNERS WISHES DUTIES RETAINED ON LEATHERS AND SHOES.

PHILADELPHIA, *December 3, 1908.*

Hon. SERENO PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: The writer, as a member of the executive committee of the National Association of Tanners, was present on Saturday last at the hearing in favor of a repeal of the duty on hides. The tanners appreciate the very fair and full hearing of their claim.

The subject of free leather and free shoes was incidentally brought into the issue. Protection primarily, as we understand it, is to foster the American industries and thus provide revenue for the Government as well as to give labor steady employment at good wages. Should leather and shoes be put on the free list, it will result in making this country a dumping ground for the surplus foreign stock, which leather is conceded to be inferior to the American product. Shoes, likewise, of low grade will compete with the American manufacturers, and the result will be to depress our American labor to the level of the pauperized labor of Europe. We believe that the competition of American shoe factories will be quite sufficient, as it always has been, to cause shoes to be sold at the very smallest margin of profit consistent with the quality. With free hides, leather will likewise be tanned and marketed here at the very lowest possible cost, so that to add leather and shoes to the free list would result in serious complications without consequent advantages.

We sincerely trust, therefore, that the duty on leather will be retained at least 10 to 15 per cent, and that shoes will remain subject to the same duties as now exist.

Appreciating the very fair spirit manifested by the committee toward the tanners, we believe you will give this whole subject your very careful consideration and decide for the best interests of the country at large.

Yours, very respectfully,

T. E. MCVITTY, *President.*

THE NEW ENGLAND SHOE AND LEATHER ASSOCIATION OF BOSTON FAVORS REDUCTION OF DUTY ON LEATHER.

BOSTON, MASS., *December 3, 1908.*

Hon. SERENO PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: It has been repeatedly stated by the local press since the hearing on the hide and leather schedules held before your committee on November 28 that the tanners and shoe manufacturers present would not object to the removal of the duty on leather and shoes if hides and tanning materials could be admitted free. As such articles seem to be based on the statements made by our repre-

sentatives before your committee, we think it perhaps wise that they should be corrected, and that the attitude of the members of our association should be made clear.

The feeling of the tanners in regard to the duty on leather was correctly expressed by Mr. Vogel, of Milwaukee, who stated that the tanners were willing to return to the conditions existing before the passage of the present tariff bill; that is, if free hides and free tanning material were granted them they would not object to a reduction of the duty on leather one-half, leaving it at 10 per cent ad valorem, as it had been previous to the passage of the tariff of 1897. It is a fact that can easily be established that the reduction of the duty below this amount, while it would not affect certain special kinds of leather which could hold their own in competition with the world, as stated by some of our representatives, it would admit into this country large quantities of various other styles of leather which are now made cheaper abroad than they can be made in this country, and to a considerable extent production in this country would be necessarily curtailed and less labor employed in consequence.

In regard to the duty on shoes, it is certainly true, as stated by one of our representatives before your committee, that the labor cost in Europe at this time is less than in this country. This fact, taken in connection with the lower cost of many other materials, such as webbing, elastic goring, and other various trimmings, would, if the duty on shoes were entirely removed, make it easy for enterprising wholesalers in this country to import largely foreign-made shoes. This is true on all grades, except possibly the highest grade of ladies' shoes, on which they do not appear at this time to have that advantage. On the lower grades of workingmen's shoes, where the questions of style and fit are of no considerable importance, their advantage in cost is more marked, and these shoes would be imported largely but for the tariff. It is our opinion, however, that a tariff of 10 per cent on shoes would be the lowest rate which would afford reasonable protection for most classes of footwear made of leather; on some classes of canvas shoes and ladies' shoes and slippers of an ornamental style made from leather, felt, or woven or embroidered fabrics the present 25 per cent should be maintained, as these classes of goods are much more cheaply produced in several foreign countries than they can be produced here.

As stated by our representatives, it is the desire of this trade throughout the country—and in this statement we believe we speak for all of the associations of manufacturers and merchants in our line of business—that no more protection shall be accorded than is absolutely necessary to protect the rate of wages now paid the American shoe and leather worker, it being well known that this rate of wages is about the highest paid to any class of American mechanics engaged in any of the prominent industries, and our trade without exception agree, I believe, that the figures we have named above are the lowest rates which would prevent the displacement of American-made goods by those of foreign manufacture.

Yours, respectfully,

Chas. C. Hoyt, *President.*
Geo. C. Houghton, *Secretary.*

ISAAC PROUTY & CO., SPENCER, MASS., OPPOSE REMOVAL OF DUTY FROM BOOTS AND SHOES.

SPENCER, MASS., *December 2, 1908.*

Hon. SERENO E. PAYNE,
Washington, D. C.

MY DEAR SIR: You will please pardon me for addressing you again on the subject of the tariff on hides, as I addressed you so recently, on November 20, but I was quite disturbed by some of the arguments presented at your hearing on the 28th.

While I am decidedly in favor of free hides, according to the argument I made in my letter of the 20th, I feel that the consent given by some of the representative men who came before you consenting to the free import of boots and shoes was a question not for them to concede. The boot and shoe industry is a great industry and would not survive the extreme low prices of labor prevailing in many countries without a tariff. While it would be possible to reduce the tariff partially, not wholly, and when a man consents to remove the entire tariff on a manufactured product like boots and shoes he does not comprehend how soon the foreign countries will take up the manufacture of boots and shoes and supply America.

I hope this committee will look upon this question in its true light. The hide product is a by-product. The duty on hides does not encourage the production of hides especially. We have always been supplied with abundant material for the tanning of hides, and that is the reason we tan so many and produce so much leather; but the shoe industry is an industry that will be taken up where labor is the cheapest. It can just as well go to some other country as to remain with us, and a free duty on shoes would drive out an industry of great magnitude from our country. While the free import of hides would not drive out any industry, I think the concession made was very unwise and misleading. I hope the committee will not take that part of the testimony seriously.

Very respectfully, yours, CHAS. N. PROUTY.

LEATHER.

THE CLEVELAND (OHIO) TANNING COMPANY SUBMITS SUPPLEMENTAL STATEMENT RELATIVE TO COSTS OF TANNING.

CLEVELAND, OHIO, *December 7, 1908.*

WAYS AND MEANS COMMITTEE.

GENTLEMEN: In addition to my testimony given before your committee, and in answer to the request of your chairman, I beg to submit the following:

In going over my cost records for the period of nine years, commencing July 1, 1899, and ending July 1, 1908, I find as follows:

	Per cent.
The average cost of hides is	51
The average cost of all other material	12
Average cost of productive labor and nonproductive labor and expense	37
Total	100

Taking the item of productive and nonproductive labor and expense as 37 per cent, 18 per cent, or practically one half, is productive labor and the balance of 19 per cent is nonproductive labor and expense.

Had the cost of hides been 15 per cent less for the period, the proportion of productive labor of the whole amount would have been increased to 20 per cent of the cost of production.

As wages in this country average at least 25 per cent higher than in other countries, a duty of 5 per cent where we are allowed free trade with other countries would be ample.

In the case of a country like Canada, that had a duty of 25 per cent against us, we believe we are entitled to the same amount of protection.

Respectfully submitted.

H. N. Hill.

PATENT LEATHER.

MANUFACTURERS OF PATENT LEATHER FOR SHOES ASK FOR RETENTION OF EXISTING DUTY.

Boston, Mass., *December 14, 1908.*

Hon. Sereno E. Payne, M. C.,
Chairman Ways and Means Committee,
Washington, D. C.

Dear Sir: During the hearings held recently before your honorable committee on the hide schedule certain statements were made by Mr. H. N. Hill, who represented manufacturers of patent leather for carriages and automobiles. Mr. Hill, it is reported, stated that his people would be satisfied with a reduction of the duty on patent leather to 5 per cent in exchange for free hides.

The manufacture of patent leather for shoes is quite different from making carriage and automobile leather, both in the process of manufacture and classes of materials used. The volume of business is many times larger, some of the manufacturers signing this brief alone making yearly more than the 500,000 sides stated by Mr. Hill as being the yearly output of all of the carriage and automobile patent-leather manufacturers.

Fearing that the testimony given by Mr. Hill may have been construed as applying to the manufacture of patent leather for shoes, we respectfully submit this brief.

The method of finishing patent leather for shoes as it is practiced to-day in this country is practically a new thing, the industry being about 10 years old. Our leathers are popular because we have made it possible to make good patent-leather shoes to retail at from $2 a pair up to the most expensive, while before that time reliable patent-leather shoes were only made in high grades from imported stocks.

Patent leather for shoes is of four kinds: Patent colt, a japanned colt skin; patent kid, a japanned goatskin; patent calf, a japanned calfskin, and patent side leather, a japanned grain of a cowhide. All of these leathers are japanned on the grain.

The American method of japanning makes it necessary to assort the leather in the following grades:

Patent colt, 6 grades, sold at from 15 to 40 cents per square foot.

Patent kid, about 4 grades, sold at from 25 to 40 cents per square foot.

Patent calf, about 4 grades, sold at from 25 to 40 cents per square foot.

Patent side leather, about 4 grades, sold at from 18 to 30 cents per square foot.

It costs as much to manufacture the low grades of each of these leathers as the high grades; hence the tanner loses money on the low grades and makes money on the high. It is therefore necessary to maintain an average selling price above the average cost. It is quite apparent, then, that in order to manufacture the American style of patent leathers at a profit it is necessary to dispose of all our grades at their respective prices.

The assorting into these grades is based on the appearance of the leather only. Low-priced leather will wear as well as the high grades, but it does not look as well. This appearance, then, is the determining factor in grading, and the matter of varying grades is practically the whole meat of this part of the argument, because, while American manufacturers necessarily make both high and low grades, the foreign manufacturers, with their method of japanning, make only high grades.

The reason is that different methods of japanning are employed. Here the japan finish, applied to the grain of the skin, is thin and transparent. Imperfections or coarse grain in any skins or dust imperfections show through, making low grades.

The foreign japan is quite different. Several coats of opaque finish are applied to the flesh side of the skin and any imperfections can be covered up, and to make No. 1 leather it only becomes necessary to apply the coats until a smooth surface has been obtained. About the only factors in making second grades in such leathers are holes in the skin.

We beg to attach to this brief samples of imported patent calf and samples of American patent colt, which will show you the difference in the finish and general characteristics of the leathers. Additional information is attached to the samples.

Foreign patent leathers for shoes are nearly all sold in this country by the dozen, but from a number of shoe manufacturers consulted we learn that foreign patent calf cuts into shoes at prices ranging from 36 to 45 cents per square foot in the different thicknesses trimmed and untrimmed, which includes a weight and ad valorem duty figuring about 30 to 35 per cent on the value.

With the duty removed the same high-grade stock could be sold in this country at prices from 26 to 34 cents per square foot, and this leather would compete with that made in this country and sold at from 26 to 40 cents per square foot. It will be seen at once that this high-grade stock would take the place of the domestic medium and high grades on account of the price, and that the only market left for Americans would be in the low grades, which, as shown above, can not be made at a profit.

Under the present rate of duty patent calf is still being imported and is in competition with the best grades of our leather, and any reduction of the present rate of duty would make the foreign article still stronger competition.

Statistics show that the importation of foreign patent leathers has been decreasing since 1901. This is partly due to the supplanting of the foreign article by the high grades of our own product and partly due to the falling off in the demand for patent leathers owing to changing styles in shoes.

Should foreign patent leathers be imported in large enough quantities, under a reduced tariff, to supplant the American stock, the only possible benefit would be a slight reduction in the expense of vamps in the highest grades of shoes, which, under the system of selling shoes at fixed prices, would not reduce the price to the consumer. The medium-priced shoes could be made no cheaper, while the lower-grade shoes could not be made at all.

The removal of the duty on hides would not benefit the manufacturers of patent colt, patent kid, and patent calf, which are not made from hides.

Taking the cost per foot of producing American patent leathers as a basis, the—

	Per cent.
Cost of labor is	49.72
Cost of materials	37.56
Manufacturing expense	12.72
	100.00

Applying this to the cost of the finished product, the—

	Per cent.
Cost of labor is	20.48
Cost of materials	15.478
Manufacturing expense	5.242
Cost of raw stock	58.80
	100.00

From statistics obtainable the price paid for labor in Germany is from 50 to 60 per cent less than paid in America.

The difference between the cost of tanning and finishing materials here and in foreign countries is about 33 per cent.

Applying this to our percentage of cost, it makes a saving to the foreign manufacturer over our cost of about 15 per cent on the finished product.

The difference between freights on raw skins to this country and the freight on the finished product, together with the difference in the matter of general expense and the advantage of being closer to the source of supply, would easily total 5 per cent, making a net advantage to the foreign manufacturer of 20 per cent as applied to the cost of the finished product.

Taking this difference in cost of production in connection with the advantage to the foreign manufacturer, by reason of his method of finishing, it is obvious that any reduction of the existing duty will place us in a position where we can not compete, as the introduction of the foreign product would make it impossible to market our medium and high grade leather, and being deprived of this outlet we could not manufacture our product except at a loss.

In order to protect our industry, which means the protection of our American labor, it is imperative that the present rate of duty be maintained.

Respectfully submitted.

HARRY I. THAYER, *Chairman.*
C. E. JAGGAR, *Secretary.*

Corona Kid Mfg. Co., B. E. Baker, president; Bristol Patent Leather Co., C. L. Anderson, president; Keystone Leather Co., Chas. A. Reynolds, president; Thayer-Foss Co., H. I. Thayer, president; D. T. Kennedy & Co., Albert Trostel & Sons, Barnet Leather Co., Sig. Rothschild, vice-president; C. J. Matthews Co., R. D. Greene & Co., The Riverside Japannery (Inc.); McCarroll & Co., Lloyd & Richards (Inc.), C. H. Mosley, manager; The Ohio Leather Co., C. B. Rathborn.

Proxies given to C. E. Jæggar, secretary. Signing authorized: American Hide and Leather Co., Van Tassell Leather Co., Harrison Leather Co., Albert Bernard, D. T. Kennedy & Co., Blanchard Bros. & Lane, Thomas A. Kelley & Co., Seton Leather Co., Chester Enameling Co., Hugh Smith (Inc.), American Patent Kid Co., Beckwith Leather Co., Columbia Leather Co., Reliance Leather Co.

Proxies given to C. Q. Adams: Hamburg Cordovan Leather Works, Eclipse Tanning Co.

Proxy given to C. L. Anderson: Superior Patent Leather Co.

HON. G. E. WALDO, M. C., SUBMITS LETTER OF GEORGE BAKER & SONS, NEW YORK CITY.

NEW YORK, *December 3, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR SIR: Herewith you will find inclosed a letter from Messrs. George Baker & Sons, of Brooklyn, requesting that a reduction of the duty on patent leathers be had, for the reason that the present 35 and 40 per cent ad valorem is largely prohibitive, there being no American patent leather manufactured which can be used in place of the imported article.

I forward this letter for the consideration of your committee when you reach that schedule.

Yours, very truly,

G. E. WALDO.

BROOKLYN, N. Y., *November 27, 1908.*

Hon. GEO. E. WALDO, M. C.,
290 Broadway, New York.

DEAR SIR: We were duly in receipt of yours of the 16th in acknowledgment of our letter of 13th, and we will say that the present rate of duty on patent leather is as follows:

Thirty cents per pound and 20 per cent ad valorem on skins not exceeding 10 pounds per dozen.

Thirty cents per pound and 10 per cent ad valorem on skins over 10 pounds and not exceeding 25 pounds per dozen.

This duty figures 35 to 40 per cent ad valorem and is in a measure prohibitive, and the American patent leather manufacturers do not produce anything which can be used in place of the imported patent calfskins, so on account of the high rate of duty the shoe manufacturers are handicapped, especially so in competing for the foreign market.

We trust this matter will be brought to the attention of the Ways and Means Committee, now holding sessions in Washington, and if the matter of the revision of tariff is brought before the present Congress the patent leather question will be favorably acted upon.

Yours, truly, GEO. BAKER & SONS.

SADDLERY.

THE SMITH-WORTHINGTON COMPANY, HARTFORD, CONN., ASKS FOR HIGHER DUTIES ON ALL HORSE EQUIPMENTS.

HARTFORD, CONN., *November 24, 1908.*

We are strongly opposed to any reduction of the present tariff of 45 per cent on saddlery goods. With this duty in force we can produce the finer grades of leather goods in competition with England only to a limited extent. We now import quantities of saddlery, being forced to do so because of the difference in cost, being able to purchase lower in England than we can manufacture here. We have been striving for some years to produce the goods that we import, but with only 45 per cent protection we find it impossible.

With a higher tariff a large proportion of the goods now imported could be manufactured here. The mechanics are here to do it. The finest work is produced here, but the quantity is limited mostly to special work, while the larger quantity is imported. The saddlery trade has never been sufficiently protected so the bulk of the better grades could be manufactured here. We can import finished saddlery goods at 45 per cent duty, but when we import some of the materials for manufacturing this line, such as wool serges, etc., we have to pay 50 per cent ad valorem and 44 cents per pound specific, equaling 142 per cent. This favors importation of the finished product. The difference in wages paid in England and in this country can not be successfully overcome with this 45 per cent duty.

United States Consul Halstead, in his Birmingham report on wages, as published by the Department of Commerce and Labor in Daily Consular Reports of July 13, 1905, says regarding English saddlers: "None of them are half paid, considering the quality of work produced and the excellent workmanship. A very good man on the best work, under favorable circumstances, earns $9.73 to $10.94 per week." The foreman of a large English shop (recently arrived in Hartford) states saddle and harness makers now earn $1 to $1.17 per day in England. In this country their wages are $2.50 to $3.50 a day. In England the hand stitching is done by girls earning $2.67 to $2.91 per week—see Consular Report of July 13, 1905—while here this work is done by men averaging $14 per week. This

shows the low wage in England, and if the 45 per cent duty is reduced it will stop the manufacturing of these finer goods in this country and affect labor materially. It is fair to say that journeymen here get more than twice as much as in England, and hand stitchers four to five times.

If the present tariff is left undisturbed we can continue to produce a limited quantity of the better grades of English styles; but the larger quantity will continue to be imported to the detriment of the American manufacturer and the American mechanic.

The goods we speak in favor of are the better grades of saddlery, all hand made, fine quality; in fact, as used by the consumers who demand and must have the finest that can be produced so it can readily be seen the retention of the present duty would bring no hardship to that class of consumers.

In closing we desire to advocate a higher duty than 45 per cent in order to develop the saddlery industry—thus enabling manufacturers to produce the better goods, and giving more work to American mechanics. We request your favorable consideration of this idea.

Respectfully submitted.

The SMITH-WORTHINGTON COMPANY,
CHARLES A. ROGERS, *Secretary*.

SLIPPERS.

HON. JOHN W. WEEKS FILES LETTER OF DAMON & ELLIS, OF BOSTON, RELATIVE TO SLIPPERS.

DECEMBER 12, 1908.

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives.

MY DEAR SIR: I beg to inclose herewith a letter which I have just received from Messrs. Damon & Ellis, No. 88 High street, Boston, Mass., with the request that you bring this matter to the attention of the Ways and Means Committee, and that proper consideration be given the subject.

Yours, very truly, JOHN W. WEEKS.

BOSTON, *December 8, 1908.*

Hon. JOHN W. WEEKS.

DEAR SIR: We are very much interested in the question of duty on shoes. Our business, together with four or five other manufacturers, is the making of cheap slippers, of which we produce about 1,800 pairs per day for use in the United States only. In Montreal they manufacture slippers made of cordette, which are sold in Canada from 2 to 3 cents per pair less than our carpet slippers, because the material is brought in there from England free of duty, while for us to import goods in the piece to make into slippers we would have to pay 44 cents per pound and 55 per cent duty.

The English felt for making felt slippers is also brought into Canada free of duty and costs the manufacturer there 5 to 10 cents per

yard less than the same goods can be bought for in the United States. Should the duty on shoes be taken off so as to also include slippers made of felt and wool fabrics, the Montreal manufacturers could soon put us out of business, unless the duty was also taken off of felt and woolen fabrics made in England out of Australian wool.

We hope you will bring this to the attention of the committee and use your influence to keep a protective duty on slippers.

We learn at the Boston custom-house that slippers made partly of leather and partly of cloth or felt are now classed to carry duty as of the article used in their construction bearing the highest value, but we fear unless the facts are placed before the committee some loop may be left open whereby slippers might be classed as shoes and admitted free of duty. In the event of such a tariff schedule we are firmly convinced that Canadian manufacturers would flood the American market at a less price than the goods can be produced for here.

Besides the four or five manufacturers making cheap slippers, of which we have alluded to, there are many more, both in the East and West, making higher-priced felt slippers who would also be affected.

Yours, very truly,

DAMON & ELLIS (INC.),
MOSES ELLIS, Jr., *Secretary.*

SOLE LEATHER.

HOWES BROS. CO., BOSTON, MASS., URGE RETENTION OF EXISTING DUTY ON SOLE LEATHER.

BOSTON, MASS., *December 3, 1908.*

Mr. SERENO E. PAYNE,
Chairman of Ways and Means Committee.

DEAR SIR: Representing the largest individual sole-leather tanning interests in this country, we wish to give you the following reasons why the duty should not be removed from sole leather:

The cost of tanning, amounting to approximately 25 per cent of the total cost of the finished product, may be subdivided into three items, viz: Tanning materials, labor, and sundries.

Dealing with tanning materials first, we find that the forests producing tanning materials are rapidly being depleted to such an extent that to-day the sole-leather industry imports from foreign countries fully 50 per cent of its material; one-half of this is quebracho, on which there is a duty of one-half cent a pound. The percentage of imported tanning material will each year increase until fully 90 per cent of the tanning material will be imported. The labor item which figures 20 per cent of the cost of tanning is each year increasing, and although our workmen have but 25 per cent more efficiency, they receive 75 per cent more than is paid to European workmen.

Sundries, which include oils, acids, fuel, etc., carry a high duty and amount to approximately 18 per cent of the total cost of tanning. We therefore find, first, an increasing quantity of tanning materials being imported, on one-half of which duty is being paid; second, labor

receiving 75 per cent more than received by foreign labor; third, sundries, all of which carry a duty to protect American industry.

In addition to this our plants are built with American machinery, material, and labor, which increases the cost of our plants at least 30 per cent over the plants of like capacity in Europe, which, as a rental value, must be included in addition to the cost of tanning.

With the duty removed on sole leather we are not in a position to compete with European tanners, who have free hides, tanning material, and low-cost labor, and we will become the dumping ground for outside tanning interests, which would result in a decline in the American sole-leather tanning industry.

Canada, with its bark-producing forests and lower labor costs, would enter our market and injure our industry to a great extent. That country now ships annually to England 40 per cent of what they produce, and have utilized large quantities of tanning material in this way at little or no profit to themselves.

Therefore in order to maintain our present industry it is necessary that we should receive protection to at least the amount of the duties which we are obligated to pay on the materials entering into the cost of manufacture and to cover the increased wages paid to American workmen, as well as the increased rental value of our more costly plants, and also a protection against foreign countries dumping their surplus into this market who are themselves protected by a prohibitive tariff on all kinds of sole leather and are able to further reduce their costs by increased production, knowing that they can sell their surplus at cost to this country. There are, no doubt, tanners who believe that with hide duties removed the sole leather industry would flourish even with duties on leather removed. These gentlemen are no doubt honest in their opinion, but sadly at fault in their judgment.

We challenge them to demonstrate how they can compete with foreign tanning interests, which use free raw materials and pay less than $1 per day labor, and continue to pay duties on imported tanning material as well as maintain the present wage scale of the American workmen.

Yours, very truly, HOWES BROS. CO.

THE PROCTOR ELLISON COMPANY, BOSTON, MASS., CLAIMS THAT DUTY ON SOLE LEATHER IS NECESSARY.

BOSTON, *December 3, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We judge from the articles which have appeared recently in some of our Boston newspapers that the committee of which you are chairman is under the impression that it is satisfactory to the leather trade of this country to have leather put on the free list provided the duty is removed from hides.

As far as we are concerned this is entirely wrong, as we feel that it would be a hardship to the leather business and cause a large curtailment in the making of leather in this country if leather should be

free. If leather was entirely free there would be so much foreign leather imported that our business would be seriously injured. Canada and British America have immense forests, and are in a position to manufacture and ship vast quantities of leather into this country.

We are one of the largest firms of tanners of sole leather in the United States, and write you the above as our personal opinion after many years of experience. We are confident that it is the opinion of nearly all, if not all, those who are engaged in our business. If hides were made free it would take away the present control of our hide market by the packers, and we can continue our business and profitably employ the skilled labor now engaged in this important line of manufacture.

If at any time we can give you any information, or render you any service whatever, it would give us great pleasure to do so.

Yours, very truly,

PROCTOR ELLISON COMPANY.
HENRY H. PROCTOR, *President.*

THEATRICAL SCENERY.

THE ASSOCIATION OF SCENIC ARTISTS ASKS THAT ALL THEATRICAL SCENERY BE COMPELLED TO PAY DUTY.

NEW YORK, *December 17, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives.

DEAR SIR: Supplementing the oral argument made by the undersigned before your committee on December 4, 1908, on behalf of the Association of Scenic Artists for an increase of the duty on theatrical scenery and for a different method of fixing such duty, I beg to submit the following statement, which is based upon information furnished by members of such association.

Under section 454 of the present tariff bill, scenery is imported under the classification of paintings, and pays a duty of 20 per cent ad valorem. For many years past large quantities of theatrical scenery have been imported by various theatrical managers, who grossly undervalue it, and as a result have paid a tax to the Government which was out of all proportion to the real value of the scenery. It is very difficult to put an established value on scenery, as the real value thereof depends largely upon the artistic skill, workmanship, and coloring employed by those producing it. By reason thereof it has been a comparatively simple matter for persons importing scenery to place fictitious valuations thereon, as a result of which the Government loses in the revenue which it should properly receive for duty. A strict ad valorem duty on scenery renders fraud possible, because of the expert knowledge required in the appraisal of such scenery, and such expert knowledge can only be supplied by scenic artists, thoroughly familiar with their work and accustomed to handling high-class scenic productions. The ordinary government appraiser assigned to appraise theatrical scenery, in the absence of such tech-

nical or expert knowledge, is not and can not be properly qualified to determine the real value of scenery where attempts are made to grossly undervalue the same.

Your petitioners therefore urge that the present ad valorem tax on scenery be abolished and that a specific tax be levied thereon on the basis hereinafter referred to.

The average price of European scenery is about $6\frac{3}{10}$ cents a square foot, which includes the canvas and the painting of all elaborate subjects. In the United States the same class of scenery on similar canvas and with the same character of subjects would cost from 18 to 20 cents per square foot. This variance of prices is based on the difference in the cost of labor here and abroad, the large rental for studios here, and higher cost of all materials used here.

Your petitioners therefore urge that a specific tax of from 12 to 15 cents per square foot be levied on all imported scenery, in order that the American scenic artists may receive proper protection.

Your petitioners also claim that large quantities of scenery are brought in, pursuant to paragraph 645 of the present tariff bill, which allows managers of theatrical exhibitions returning from abroad to bring in free of duty scenery used by them abroad for temporary use in their exhibitions here, provided that they give bonds to export the same within six months. This provision is designed to cover only secondhand or used scenery which has been employed abroad in the same production. It is a simple matter for unscrupulous persons to evade this provision and to actually bring into this country new scenery free of duty, under the claim that it has already been used abroad, and it is a simple matter for anyone arriving with such scenery to claim that he is the proprietor or manager of a theatrical exhibition in which such scenery is claimed to be used, and your petitioners believe that such frauds have been frequently perpetrated heretofore. Because of the comparative ease with which unscrupulous persons are able to bring in scenery free of duty under such provision, and the consequent defrauding of the Government out of the proper tax, it is respectfully urged that your committee recommend the abolition of this provision of paragraph 645 permitting scenery to come in free of duty.

Yours, respectfully,

MAYER C. GOLDMAN,
Attorney for Association of Scenic Artists.

TRAVELING BAGS.

HON. R. WAYNE PARKER, M. C., SUBMITS LETTER OF HEADLEY & FARMER CO., NEWARK, N. J.

NEWARK, N. J., *December 10, 1908.*

Hon. R. WAYNE PARKER, M. C.,
Washington, D. C.

HONORABLE SIR: We have been informed that an effort is being made to put finished traveling bags on a free list, or to reduce the tariff on same.

If this report be correct and same were carried out in the tariff revision now being considered by the tariff commission, it would mean a great detriment to our business.

We are told that the present tariff on finished bags is 35 per cent. This is now 10 per cent lower than the tariff on the raw bag frames.

There are quite a number of bags made every year, especially English kit bags, with which we come in direct competition, and this is a difficult matter to meet on account of the lower price of labor abroad.

While we all agree that it is to the advantage of the manufacturing interest of this country to get our raw material as cheaply as possible, we certainly would not favor the free entry of manufactured articles into this country which are essentially handmade, as bags; it is a different proposition on articles manufactured by machinery.

We therefore write to you, not only for information but to ask that you use your very best efforts in protesting against such a course.

We are in favor of the duty being taken off raw hides, as experience has taught us that this would result in a decided benefit to manufacturers of bags in this country; but so far as duty on handmade bags is concerned, it should not only not be removed, but should be increased to at least 50 per cent, with free hides, and doubled under present conditions.

We should like to hear from you at your early convenience, and remain,

Respectfully, yours,

HEADLEY & FARMER CO.,
ALBERT O. HEADLEY, *President.*

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES.

SIXTIETH CONGRESS.

FIRST PRINT, No. 38.

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(EVENING SESSION.)

WASHINGTON:
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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman*.

JOHN DALZELL.	NICHOLAS LONGWORTH.
SAMUEL W. McCALL.	EDGAR D. CRUMPACKER.
EBENEZER J. HILL.	CHAMP CLARK.
HENRY S. BOUTELL.	WILLIAM BOURKE COCKRAN.
JAMES C. NEEDHAM.	OSCAR W. UNDERWOOD.
WILLIAM A. CALDERHEAD.	D. L. D. GRANGER.
JOSEPH W. FORDNEY.	JAMES M. GRIGGS.
JOSEPH H. GAINES.	EDWARD W. POU.
ROBERT W. BONYNGE.	CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

TARIFF HEARINGS.

COMMITTEE ON WAYS AND MEANS,
Friday, December 18, 1908—8 p. m.

EVENING SESSION.

The committee reassembled at the expiration of the recess.

The CHAIRMAN. The first gentleman from whom we will hear this evening is Mr. Charles H. Jones, of Boston, Mass.

STATEMENT OF CHARLES H. JONES, OF BOSTON, MASS.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. I suppose, Mr. Jones, you have read the statement of Colonel Clark about his conversation with you.

Mr. JONES. Yes, sir; I have it here.

The CHAIRMAN. You may proceed, then, Mr. Jones.

Mr. JONES. Perhaps I can get the impression before you in fewer words if I explain about the conditions existing in the shoe trade at the time Colonel Clark speaks of in his statement.

In 1902 and 1903 there was a considerable agitation in the East and to some extent in the West for a repeal of this duty on hides. We were informed by Congressman Roberts especially, who addressed us on one or two occasions, that we had small chance of getting this duty repealed unless we would agree to a reduction at least of the duty on shoes. We undertook therefore to find out the feeling in the trade in regard to such a reduction. Colonel Clark in his statement refers to the remarks of Mr. William B. Rice, a prominent manufacturer and a Democrat, who he said at that time was unwilling that this duty should be taken off, thereby showing that the duty was protective. Mr. Rice corrected at that time a statement made by Colonel Clark to the same effect, and in correcting it Mr. Rice said this:

> Now, you gentlemen who were present at the meeting know this is only half true. What I did say in the very beginning was that if you would take the tariff off every material out of which boots and shoes are made, I have no objection to taking the tariff off boots and shoes, but I added, and I still think and still add, that if every other manufactured article is to be highly protected, and if a large portion of the materials out of which boots and shoes are made are to remain protected, then I would say it would be unwise to entirely remove the tariff on shoes.

After that remark of Mr. Rice was published, a meeting of the whole trade was called at the United States Hotel in Boston, and a

dinner was given at which over 200 members of the trade were present, and the subject was up for discussion. It was to be in the nature of a debate.

Congressman Roberts addressed the meeting, and then the matter was proposed, "Will you consent to admit boots and shoes into this country free of duty if by doing so the removal of the duty on hides can be secured?" Mr. Rice took the position we could not afford to do it, and I took the position that we could. Mr. Rice claimed that other materials entering into boots and shoes paid a duty, and consequently, even with free hides, we could not compete with foreign and especially Canadian manufacturers. That is what the idea seemed to be at that time, that Canada was the principal menace. I took the opportunity to show Mr. Rice and the trade that those materials were not cheaper in Canada than they were in this country. We were doing at that time a considerable business with Canada and I was familiar with their manufacturers, and I had ascertained that they had imported from this country into Canada practically all of that class of material that they used, and they paid the same price that we paid, with the duty added.

The grand result of that discussion was that the trade adopted a resolution to the effect that they would be willing to consent at any time, when free hides could be obtained, to a reduction in the duty, and, if all material entering into the cost of shoes was made free, to the complete removal of the duty.

At that time—this was early in the spring of 1903—the Commercial Bulletin, of Boston, sent out to all the shoe and leather manufacturers in that section of the country the following inquiry: "If hides are made free, will you consent to have your products free?"

They sent this inquiry to all manufacturers and tanners in that section of the country, and, as far as I know, elsewhere in the country, and they received from 375 shoe manufacturers and 40 tanners an answer. Of the 375 replies received from shoe manufacturers, 311 were in the affirmative without any qualification, 2 added a proviso if all materials used in the manufacture were put on the free list, and 64 answered no. You understand this proposition was, "If hides are made free, will you consent to have your products free?" That was the result of that polling, and that was probably the most complete attempt ever made to ascertain the feeling of shoe manufacturers on this question.

I had been to Europe in 1902, in the late summer and early fall, and had visited many shoe factories in England, and at that time I found those factories equipped with such machinery as we had discarded many years before. I found the labor cost of their shoes was greater than it was in this country, although their shoemakers earned very much less in weekly or daily wages. In fact, I have the same feeling toward them that you occasionally have when you find a man whose business is entirely gone and he has gotten so far behind the times he is not in the running at all. They were not in a position to put up a reasonably decent competitive fight against the class of goods we were selling in Europe.

I want to explain further just what that class of goods was. This country has never sold in Europe to any extent anything but a fine or welt shoe, as it is called, a shoe made by the Goodyear welt process,

which is an imitation or reproduction of the old hand-sewed process. The nailed shoes and pegged shoes have been sold to a very slight extent in Europe. We get that market for this reason: The Goodyear process, and, in fact, the whole art that is carried on in shoemaking to-day, was the creation of this country. It was not a foreign art. They never had the industry of shoemaking abroad until we taught them the art, and to make shoes by machinery from one end to another in large establishments was something the Europeans never knew until they learned it from America. Consequently, our advantage of them was considerable. Nearly all of these machines that were used were invented in this country. We obtained all those machines and adopted them and worked them into our system of manufacture before they did, and they are not generally quick at seizing new ideas, and by the time they had adopted that machine it had been discarded by us and we had gone forward and made a still further improvement, so that as competitors we held them in a certain sort of contempt.

We got our advent into that market on this class of welt shoes because they did not make them at all. The machinery necessary to make them was invented here and they had only adopted a portion of it. A large amount of hand work was necessary for them to complete their processes. When we went in there with men's shoes that are commonly sold at retail at $3.50 or $4 we found them unprepared to meet that competition. They had nothing of that kind. They had the hand-sewed custom shoe, worth $5 or $7 or $8, and then the cheap coarse shoes, but they had no good welt shoes that imitated the hand-sewed shoes. They also made their shoes in whole sizes, and they were clumsy fitters. The American shoes were made in half sizes and neat fitters, and created an immediate impression and an immediate demand for American goods, which we undertook to satisfy, and we had a growing business there for a number of years. As soon as they felt this competition from America the English newspapers took the matter up. Some of the smaller factories lost enough business so they were crippled and failed in business, and they placed the blame for their failure upon American invasion, whether it was really due to that or not; but it made considerable talk and attracted a great deal of attention. Immediately the English manufacturers undertook to copy and imitate the class of goods we were introducing. They were assisted in this by the United Shoe Machineries Company, which manufactures all of the important shoe machinery used in this country, and of course that company is anxious to sell its machinery there as well as here, and they sent the machinery over there, and with the skilled men that they had to instruct the English they gradually taught some of the English factories how to make the American shoe. If you will allow me, I will read to you a few of the remarks I made in my previous statement here that perhaps have been overlooked.

The CHAIRMAN. It is hardly necessary to do that. We have the record before us.

Mr. JONES. The impression had grown abroad, and I saw it extensively published, that the shoe trade was in favor of free shoes. I simply want to say that I did not say so before. I said the duty might be reduced to 10 per cent without damage, in my opinion, which rep-

resented the actual difference in labor cost, and later on Mr. Cockran asked the question again and I said that personally I was in favor of free shoes, but if free shoes were allowed it would create a disturbance here. I wish now to explain what that disturbance would be. I have tried to explain how, under the old-fashioned conditions, with free leather and free competition in shoe machinery, this country did develop and did produce shoes much cheaper and much more desirable than they were sold abroad. Those conditions have changed materially since that time. We no longer have the free leather, we no longer have free machinery, and our conditions in regard to labor and a few other important factors have changed to such an extent that the fact that I pointed out before exists. While we had a lower labor cost in 1902 and 1903, to-day the labor cost abroad is slightly greater than it is here. With a labor cost abroad less than it is here, and with the slight advantage they get in some other respects in some of the articles like webbing and those things which are of no great concern and yet do cut some figure after all, they have an advantage in certain ways; for instance, in certain classes of labor. They get finished calfskins to-day in Europe slightly less than we can get them here. Under those conditions, while they could not invade this market immediately if an absolute free trade on shoes were to be allowed, ultimately they would get a foothold in this market undoubtedly, because while there are only one or two factories now equipped to make the American shoe successfully and cheaply, there is nothing to prevent the others equipping themselves in the same way if they have the market.

I have taken as much care as I could to ascertain from all the different classes of manufacturers of machine goods what the difference in labor cost is, and the best information I can get is that a tariff of 10 per cent would probably represent the actual difference in labor cost between the two countries. For instance, on $3.50 or $4, the labor cost of production in Brockton is 58 cents to 62 cents per pair. In Great Britain, or rather in Scotland, where the best factory of that class of goods is located, they claim to get the labor cost for half that price. I am not entirely satisfied that that statement is accurate, but it is the best information obtainable, and that is the most favorable proposition that they have to offer.

In the cheaper classes of goods, men's heavy shoes that retail for $2 a pair, the labor cost ranges from 18 to 22 cents a pair. You can see a 10 per cent tariff would cover the difference possibly if they got their labor for half the cost of ours. If their men are equally as efficient and earn half the wages, they could not send shoes to this country on a lower labor cost in connection with that grade of goods.

The Chairman. You will remember a number of your associates from all over the country came before the committee and stated if the tariff were taken off entirely, it might be taken off of shoes without harm. You can thus see what you gentlemen accomplish by such statements before the committee. You come and tell the committee voluntarily, representing most of the shoe trade, that there is no question if we take the duty off of hides and take the duty off of shoes and let them in free. By and by, when we come to construct a tariff bill, if the judgment of the committee should happen to differ from that, it gives a chance to everybody in the United States to say, "Here is a committee that would not be guided by the men in the business, who said they could stand a free shoe." That is the position

in which you gentlemen leave the committee. You do that in face of the fact that I have advised some of you gentlemen for years that before you said you could take the duty off of shoes you must examine into the question and see what shoes cost, because you might be back here in a year or two asking for a duty again. After all that, you come in here and tell the committee to take the duty off of shoes.

Mr. JONES. Mr. Chairman, there was a telegram you received from the Sorosis Shoe Company. Do you recall that?

The CHAIRMAN. Yes.

Mr. JONES. They stated they were perfectly willing to have shoes free?

The CHAIRMAN. Yes.

Mr. JONES. I have no doubt they would be able to maintain their hold in the shoe business in this country and to some extent abroad with free shoes.

The CHAIRMAN. You came here as a committee of manufacturers—one representing the East, one representing the central portion of the country, and one the western portion of the country, and so on all over the country, and representing associations of various kinds—and told us we might take the duty off of shoes if we took it off of hides, and it would be no detriment to the trade.

Mr. JONES. If I may be permitted, I should like to present to you in this connection what occurred the other day [reading from Ways and Means Committee report of November 28, p. 2453]:

> Mr. COCKRAN. If the duty were taken off of hides and you had free leather, would there be any necessity for continuing the duty on shoes?
>
> Mr. JONES. At the present time, owing to the slight difference in the labor cost in this country and in Europe, there might be some necessity. In 1897 our labor cost was lower than it was abroad. It has changed since that time, it having increased here and decreased abroad.
>
> Mr. COCKRAN. How much duty would make up the difference in the labor cost?
>
> Mr. JONES. Ten per cent would be enough; 5 per cent, perhaps.

I do not plead guilty to being one of the parties who said he was willing to have absolutely free shoes, because that which I have read is the official report sent to me of the proceedings here.

Mr. COCKRAN. Did you not state subsequently you would be entirely ready to accept free shoes? It seems to me that is the way the matter occurred. That is my recollection of your proposition.

Mr. CLARK. Did I not ask the question direct if you could not get a tariff off of hides any other way; that while you would rather keep this 10 per cent or 5 per cent, as the case may be, on shoes, you would give it all up?

Mr. JONES. I said personally I would be glad to. Personally, I believe myself—and I am not speaking for or representing the trade, because that is not the opinion of the trade—but representing myself personally as a manufacturer, I should be perfectly willing, or rather I should be very glad, to make that exchange.

Mr. COCKRAN. That is from your own testimony?

Mr. JONES. Personally, but that is not the opinion of the trade, and I wish to make that quite clear.

Mr. CLARK. For whom do you stand now?

Mr. JONES. In making the statement that personally I should like to see it taken off, I speak for myself alone, and I would like to give my reasons, so there may be no misunderstanding.

Mr. COCKRAN. Your own experience, your own trade experience, is that you can get along without a tariff if free hides come in?

Mr. JONES. I can answer that as well by reading what I said before in answer to the same question:

Personally I should be glad to see all the duty taken off. If all the duty were taken off there would sooner or later result a disturbance or else labor would have to produce more, because we would import more shoes, but a smaller duty would protect the manufacturer.

What I mean by disturbance is this: I want to make that very plain, so I may not be misunderstood. I do not want to come down here and mislead you. A disturbance means this: The reason we can not make shoes as cheaply now as we could seven or eight years ago is because changes have taken place in business conditions. Leather to a great extent is controlled by trusts. Our machinery is controlled exclusively by a trust. We have raised the wages of labor and shortened the hours of labor, and a number of changes of that kind have occurred; that is, labor unions have lessened the production of our men in our factories.

Mr. COCKRAN. Are you speaking from your own experience? Is that your experience in your own factory, or are you speaking from your conception of the experience which awaits others? You say as far as you are personally concerned you are willing to have these articles put on the free list?

Mr. JONES. I say in connection with that, if they were put on the free list, a disturbance of business conditions would result.

Mr. COCKRAN. You are willing to face that disturbance?

Mr. JONES. Personally, I should be glad to, because I think it would return us to more healthy conditions.

Mr. COCKRAN. So when you are testifying here about these apprehensions, they are not your apprehensions, but the apprehensions of somebody else?

Mr. JONES. They are my apprehensions that labor would have to be adjusted to meet the new conditions. If you desire to protect labor in its enjoyment of these present wages and the present system of work, it would not do to take the duty all off.

Mr. COCKRAN. You could not get labor to work for you at lower prices? They would go into some other business rather than do that, would they not? You have to pay existing rates, and your rates are now higher than any other place in this country, are they not?

Mr. JONES. They are in Massachusetts.

Mr. COCKRAN. So shoemakers get a higher basis of wages than men engaged in textile work, for instance?

Mr. JONES. Yes, sir; they get the highest wages of any class of labor in Massachusetts.

Mr. COCKRAN. How high do they get?

Mr. JONES. I can not state exact figures, but the census report recently issued confirms that statement, which has been the condition of affairs in this country for the last ten years. Shoe workers earn a greater rate of wages than any other class of workers, than any other class of industry classified in the census.

Mr. COCKRAN. Do you include in that the steel industry?

Mr. JONES. That is not an industry in Massachusetts, and I can not speak knowingly with reference to that.

Mr. COCKRAN. You pay about the average American wages for similar work in other industries, do you not?

Mr. JONES. We pay rather more.

Mr. COCKRAN. Do I understand you to say if this tariff were taken off of shoes, thereupon you fear there would be some injury to the rate of wages paid labor?

Mr. JONES. Necessarily; yes, sir.

Mr. COCKRAN. You want to take a turn at the duty upon hides and knock it off altogether?

Mr. JONES. Yes, sir.

Mr. COCKRAN. But you want a duty on your own article; that is, you want to sacrifice the protection of another man and hold on to your own share of it, or some share of it. That is your attitude, is it not?

Mr. JONES. Personally, it is immaterial to me, but the industry and the labor people employed in it would suffer somewhat in wages.

Mr. COCKRAN. Is that your testimony?

Mr. JONES. Yes, sir.

Mr. COCKRAN. You testify that you want hides placed on the free list, so as to benefit your particular industry, but you do not want your own article placed upon the free list?

Mr. JONES. No, sir.

Mr. COCKRAN. That is it?

Mr. JONES. Yes, sir.

Mr. COCKRAN. In other words, you think the alleged protection which the farmer thinks he obtains by reason of the hide duty should be taken away, but the protection which you want should be continued?

Mr. JONES. Do you not recognize any difference between a hide, which is a raw product, and a shoe, which is a highly finished product?

Mr. COCKRAN. Not the slightest, sir; not the slightest. I think one is as much entitled to protection as the other. If you once go into the business, I do not see why you should differentiate. I think everybody should be allowed to help himself.

Mr. CLARK. Henry Clay stated in one of the greatest speeches in Congress that free raw materials was one of four ways to accomplish protection, but nobody ever heard of free raw hides as a tenet until about twelve years ago. A hide is just as much a finished product to the fellow who furnishes the hide as is the shoe to the man who furnishes the shoe, and when you left here the other day I was very much rejoiced that somebody had come here at last and made a proposition to just rake the whole thing off the face of the earth on one schedule. Now we get right back where we started in, the first time you came.

Mr. JONES. From what I have read you, if there was a misunderstanding, it does not appear as if it was wholly my fault.

Mr. COCKRAN. Without discussing that, how much would you reduce the rate of wages now, supposing the whole matter was here on the free list—free hides, free leather, and free shoes? Tell us how much it would affect your scale of wages—your own, and not your neighbor's?

Mr. JONES. That would depend on other factors that I can not answer for.

Mr. COCKRAN. What other factors?

Mr. JONES. Free machinery.

Mr. COCKRAN. We will not speak of that for the present.

Mr. JONES. That is a vital factor.

Mr. COCKRAN. I will repeat my question. Assuming that you get free hides and free leather and free shoes, how much would that change or involve a reduction in your own rate of wages or the rate of wages you pay?

Mr. JONES. That is impossible of answer. It is a mere guess.

Mr. COCKRAN. Very good.

Mr. JONES. Because the industry at the present moment abroad is not developed sufficiently to enable me to base an estimate. There are one or two factories abroad that make goods at a cost very much less than our cost here.

Mr. COCKRAN. Where are they?

Mr. JONES. In Scotland.

Mr. COCKRAN. Where are they selling their goods?

Mr. JONES. Great Britain and abroad to some extent. They have two houses in Montevideo.

Mr. COCKRAN. Are they not selling goods in Great Britain?

Mr. JONES. No, sir. They are being sold there by people who have their own retail stores, but the manufacturers who supply the trade in Great Britain have as a class withdrawn. We have withdrawn all our salesmen.

Mr. COCKRAN. Do you mean to say American shoes are not being sold in Cairo, in Naples, and in other Italian cities and in Constantinople and elsewhere?

Mr. JONES. To a very trifling extent.

Mr. COCKRAN. Do you think you could buy any other shoes there?

Mr. JONES. I suppose you can.

Mr. COCKRAN. You suppose? Do you know it? Have you ever tried it?

Mr. JONES. I have never been there.

Mr. COCKRAN. I have tried it, and you can not get a pair of shoes except American that are fit to wear.

Mr. JONES. Ah, "fit to wear." You did not put that in before.

Mr. COCKRAN. People do not wear shoes that are not fit to wear.

Mr. JONES. I am afraid they do.

Mr. COCKRAN. Now, Mr. Jones, you say that the sale of American shoes does not amount to much abroad?

Mr. JONES. In Europe.

Mr. COCKRAN. I say in every city in Europe they are on sale, and they are the cheap article of sale, so far as ready-made shoes are concerned.

Mr. JONES. I am not in position to enter into debate with you, because I do not know how extensively shoes are retailed abroad. There are three or four American shoe men who have built up a business and who hold their clientage on account of having retailed shoes there, and who rely largely on American tourists, but I know merchants and manufacturers of American shoes who sold their goods and were jobbing to the retail trade abroad who have quit the business.

Mr. COCKRAN. Is not that on account of this duty on hides and leather?

Mr. JONES. Yes, sir.

Mr. COCKRAN. If you are able to hold the market to some extent, do you not think you would be able to reconquer any loss you have experienced?

Mr. JONES. Not wholly.

Mr. COCKRAN. To a great extent you could?

Mr. JONES. As I have said, it would depend on other conditions.

Mr. COCKRAN. I am speaking of conditions I have defined, free hides, free leather, and free shoes.

Mr. JONES. No, sir; you would not regain the market on that basis.

Mr. COCKRAN. You have held the market to a great extent under existing conditions, which you say are very onerous. Why do you say you can not recover ground lost under these more favorable conditions?

Mr. JONES. Because the foreigner has made a vast improvement in the last few years.

Mr. COCKRAN. You could recover to some extent?

Mr. JONES. To a slight extent.

Mr. COCKRAN. The advantage you would get from free raw hides and free leather would be slight?

Mr. JONES. It would be very slight abroad.

Mr. COCKRAN. Why not equally great abroad if it reduced the cost of your production?

Mr. JONES. Because they have advantages in other material that we can not get. They get cheaper leather and cheaper labor.

Mr. COCKRAN. I am afraid I have been very inefficient in making myself understood. Assuming you had free raw hides and free leather, could you not then defy the competition of any foreigner, in this market at least?

Mr. JONES. I think ultimately the very much lower cost of labor would let them in to some extent.

Mr. COCKRAN. Ultimately? Speak of to-morrow. Suppose these conditions occurred to-morrow, would you apprehend any importations next week?

Mr. JONES. No, sir.

Mr. COCKRAN. Then, when you speak, you are back where we found some of these other gentlemen at the beginning of these inquiries, seeking a tariff to quiet apprehensions about the future and not to meet any existing conditions?

Mr. JONES. Not exactly that, Mr. Cockran. It is not apprehension. There is one man in Europe who has developed a process for making shoes cheaper than we have.

Mr. COCKRAN. Where is that man?

Mr. JONES. In Scotland—Mr. Clarke, of Scotland, is making American shoes at 15 or 20 cents a pair less than they can be made in America. Mr. Clarke is making the American style of shoe, copying the American shoe, cheaper to-day than it can be made in this country.

Mr. COCKRAN. As good as the American shoe?

Mr. JONES. Yes, sir.

Mr. COCKRAN. Then there is nothing to prevent Mr. Clarke taking the entire market?

Mr. JONES. Nothing except his ability to handle a business of such magnitude and his lack of capital and lack of trained help and a number of other factors of that kind. He has it to a certain extent.

Mr. COCKRAN. There is no difficulty in expanding there, is there?

Mr. JONES. I do not believe I understand your question.

Mr. COCKRAN. Let us see if this is your answer: Do you mean that Mr. Clarke, to a limited extent, can produce a better shoe?

Mr. JONES. That is all.

Mr. COCKRAN. As against that, you want us to establish this protection?

Mr. JONES. It is against all other men and what they would do in the same situation if they had the market.

Mr. COCKRAN. It is immaterial whether it is one or five others. You say now the foreigner is able to produce shoes cheaper than we are.

Mr. JONES. That foreigner is.

Mr. COCKRAN. If one man can, 50 men can.

Mr. JONES. That is the point.

Mr. COCKRAN. Therefore, according to you, the foreigner has now driven the American shoe out. Now, is that true?

Mr. JONES. Yes, sir.

Mr. COCKRAN. Do you mean to tell me American shoes are not for sale now in every European city?

Mr. JONES. No, sir; I told you they were.

Mr. COCKRAN. Well, if they have driven them out and they are still on sale, that seems to be a situation I can not reconcile.

Mr. JONES. May I explain?

Mr. COCKRAN. Yes.

Mr. JONES. The Walkover, the Regal, and such stores as have established their own retail stores abroad are able to hold on to the foreign business that they have built up, because there is a demand for their class of goods. I manufacture shoes and take them to a retail dealer who is an Englishman, and he tells me at once, "I can secure those goods of my home manufacturers at less price and of equal value," and he proves it, and I withdraw my salesmen and give up the market.

Mr. COCKRAN. Then why do not the others do the same thing?

Mr. JONES. Because they have an outlet to the public through their own retail stores that the manufacturer who has not stores can not get.

Mr. COCKRAN. Do you mean that the manufacturer who establishes his own retail stores can hold the market, and the manufacturer who does not establish a retail store is driven out?

Mr. JONES. That is the answer.

Mr. COCKRAN. Then why is not the remedy to establish these retail stores instead of asking a tax on the community?

Mr. JONES. The demand is fairly well met by the stores already existing.

Mr. COCKRAN. Do you think there has ever been a demand met yet to improve the quality and extent of the facilities?

Mr. JONES. We can not. They are offering shoes over there——

Mr. COCKRAN. How can Hanan hold the market?

Mr. JONES. He has an established trade in those countries. American travelers know his goods and frequent his stores and purchase his goods.

Mr. COCKRAN. Do you mean to tell me the sale of American shoes is confined to American travelers?

Mr. JONES. In a large way. I think a large part of the custom is confined to American travelers, but they have also a clientage among the native people.

Mr. COCKRAN. I will ask you this, if you are able to answer: Is there a city practically in the East or on the continent of Europe where American shoes of different qualities are not for sale all the time at this moment?

Mr. JONES. I fear I do not quite catch the gist of your question.

Mr. COCKRAN. I say, is there a large city in the East or in Europe where American shoes are not for sale at this moment, and in large quantities—larger quantities than the English shoes?

Mr. JONES. I do not think there are anything like as many as the English shoes.

Mr. COCKRAN. Your testimony is based on the assumption that the sales of shoes, of English-made shoes, ready-made shoes, in the markets of the East and Europe, are larger than the sales of American shoes?

Mr. JONES. Yes, sir; very much larger.

Mr. FORDNEY. What proportion of the leather consumed in this country is made from imported hides; do you know that?

Mr. JONES. In 1904 there were $52,000,000 worth of hides imported of all classes, and of that amount $11,000,000 in round numbers were dutiable hides.

Mr. FORDNEY. I mean of the total amount of leather consumed, what proportion consumed for domestic and foreign uses is made from imported hides? Have you any idea about that?

Mr. JONES. Dutiable or nondutiable?

Mr. FORDNEY. Dutiable hides; hides that pay a duty.

Mr. JONES. I can not tell exactly. I can guess at it only.

Mr. FORDNEY. What proportion do you say was dutiable of the $52,000,000 imported?

Mr. JONES. About $11,000,000. That was in 1904.

Mr. FORDNEY. I have had in mind that about 40 per cent of the hides consumed in the country are imported—40 per cent of all the leather used in this country is made from imported hides.

The CHAIRMAN. There were 120,000,000 pounds of dutiable hide, costing about $19,000,000.

Mr. JONES. There is a very large quantity not dutiable, and my impression of all the leather that is used in this country made from imported hides of all classes, dutiable and nondutiable—and this is a mere estimate—60 per cent were native originally—50 to 60 per cent, and the other 40 to 50 per cent was imported.

Mr. FORDNEY. $11,000,000 out of $52,000,000 of dutiable hides?

Mr. JONES. Yes, sir; that was in 1904.

Mr. FORDNEY. If the duty were removed absolutely from that, who would get the benefit here in this country?

Mr. JONES. Every man that wears shoes made out of leather.

Mr. FORDNEY. Would it not be a very small item for shoes, when 40 per cent of the leather is imported and only about one-fifth of it pays duty?

The CHAIRMAN. Where do you get your figures?

Mr. FORDNEY. From the gentleman himself. He says $11,000,000 of the $52,000,000 paid duty only.

The CHAIRMAN. The domestic production of hides is over a billion pounds, according to the statement of some of these gentlemen. We had 17,000,000 cattle producing hides that averaged 65 pounds apiece.

Mr. FORDNEY. Perhaps I can make myself better understood. The point I am trying to make is this, that out of all the leather consumed in the country there is 40 per cent made from imported hides.

Mr. JONES. I think so; about that.

Mr. FORDNEY. To remove the duty from all dutiable hides, would not that make the price for a buyer of shoes, the average consumer in the United States, so slightly reduced that it would not really be taken into consideration?

Mr. JONES. The operation of the duty raises the value of domestic hides just about as much as it does those that are imported, so that hides raised in this country, as well as those that are imported, are affected by the duty.

Mr. FORDNEY. Then the American people should benefit to the extent of 60 per cent of the amount of leather consumed by that duty of 40 per cent raising the price of the other 60 per cent?

Mr. JONES. If I understand you correctly, the men who own hides in this country get more for the hides they raise on account of the duty?

Mr. FORDNEY. Yes.

Mr. JONES. That is, the hides are a marketable commodity the world over. They have a market value all over the world, and while the immediate and great demand in this country will for the moment force the price up, it assumes the level of the world, just as water assumes its level in the sea. If you erect a barrier in this country in the way of a duty of 15 per cent, you raise the price of hides in this country just 15 per cent above the price of the world.

Mr. FORDNEY. Consequently the producers of 60 per cent of the leather consumed in this country made from hides here are benefited by that raise in price?

Mr. JONES. The men who own the hides are benefited; yes, sir.

Mr. FORDNEY. Now, who is that man who gets the benefit? Is it the farmer who raises the steer or is it the packer who kills the steer?

Mr. JONES. I am unable to find any evidence at all of anything that anybody got any part of it except the packer and the butcher.

Mr. FORDNEY. A packer here to-day stated his firm did not care whether the hides were dutiable or free; that it would make no difference to them, and that 43 per cent of the total bulk of the animal was by-product.

Mr. JONES. I heard that.

Mr. FORDNEY. Do you think the farmer sells 43 per cent of the ox or steer and does not get anything for it?

Mr. JONES. I think that a farmer who sells his cattle to the stock yards and expects those gentlemen to recognize in that animal 1 per cent of its value increased on account of this tariff—and that is what it amounts to—and give that to him in consequence of the tariff, is putting up a proposition that is too stiff for me to believe.

Mr. FORDNEY. Would it not seem reasonable to you that if a packer made enough profit out of the steer to amount to what he got for the hide, he would get rich much faster than he does now?

Mr. JONES. He would make a great deal of money.

Mr. FORDNEY. Then he certainly does pay something for the by-product?

Mr. JONES. Of course.

Mr. FORDNEY. Then he must pay something for the hide?

Mr. JONES. Certainly he does.

Mr. FORDNEY. You figure he gets the benefit of it, do you not?

Mr. JONES. He gets the benefit of the weight of the hide. If he sells a steer for $6 a hundred, and the hide weighs 60 or 70 pounds, he gets paid that proportion of the total price for the hide?

Mr. FORDNEY. The benefit depends on the value of that hide?

Mr. JONES. I do not think so.

Mr. FORDNEY. If it is only worth 25 cents and another is worth only 7 cents, would he not get the benefit?

Mr. JONES. If the difference is in the weight, he might possibly get the benefit in that way.

Mr. FORDNEY. He would get a portion of it, would he not?

Mr. JONES. I think not.

Mr. FORDNEY. How can you figure that out to the man that wears a pair of shoes?

Mr. JONES. Some one here this morning admitted in answer to some questions that the farmer sends the cattle into the stock yards and the stock yard purchases the cattle to meet the demands for beef. If the demand for beef is met and they are selling readily, they raise the price of steers and cattle enough to bring a supply of cattle into the market, so they will have the animals to kill.

Mr. FORDNEY. But if the value of the by-product is not very high, he certainly——

Mr. JONES (interrupting). They do not know and can not tell to that extent. Within the last sixty days hides have fluctuated more in value than the duty adds to the cost of them, but still they have not given any of that to the farmer. They have manipulated the price of hides and created an artificial price, and the farmer does not get advantage of it because beef has not gone up in proportion.

Mr. FORDNEY. When they give $96 to a farmer for a steer, do they not get a pretty good price for every part of the animal, including the hoofs and horns?

Mr. JONES. That is better than the average price.

Mr. FORDNEY. Some one testified to-day they were paying that.

Mr. CLARK. But when I got hold of him he admitted there has never been a steer sold for 8 cents a pound.

Mr. FORDNEY. I was here when you got hold of him.

Mr. CLARK. And he came right down out of the tree on that proposition, too; $7.65 was the highest price a steer ever sold for.

Mr. FORDNEY. I do not know that Mr. Jones has answered my question to my satisfaction. Perhaps he can answer it directly.

The CHAIRMAN. He does not agree with what you say, and, of course, you are not satisfied.

Mr. FORDNEY. Did Mr. Jones say he did not agree with what I said?

The CHAIRMAN. He does not agree to what you say.

Mr. FORDNEY. Then I will ask that question again. I do not believe you answered it, Mr. Jones. If, when the price of hides is high, the farmer gets no benefit from the value of the hide on the steer

when he sells it, even though the hide may bring six or seven dollars in the market, and he purchases the steer for $60; if you say he does not get the benefit of the price of that hide, how can you figure it, then, that the man who buys a pair of shoes is going to get the benefit of the reduction of the duty of 15 per cent on 40 per cent of the hides consumed in this country? Let me get a little further before you answer it. I see that the exportation of shoes last year was 5,833,914 pairs, at a cost of $10,666,000, or $1.82 a pair. Divide that up and tell me how much less that man would have to pay for that $1.82 shoe if the duty was removed from 40 per cent of the hides.

Mr. Jones. The duty on hides affects the value of different classes of shoes in a very great degree according to the class of shoe—that is, an infant's shoe, made with kid top and sheepskin toe, would not be affected much. A shoe such as I wear, a man's shoe worth $4 or $5 a pair, would be affected to the extent of 5 or 6 cents a pair. A shoe such as a workingman wears, with cowhide upper, and so forth, would be affected in cost at the factory from 10 to 11 cents a pair. That affects the cost of that shoe to the wearer from 25 to 50 cents a pair. Boys' shoes and women's heavy stout shoes are affected in the same proportion.

Mr. Fordney. Who would get the benefit if the duty was taken off?

Mr. Jones. That man that wears the shoe.

Mr. Fordney. The farmer would not get it out of the hide?

Mr. Jones. No, sir.

Mr. Fordney. The packer would get it?

Mr. Jones. Yes, sir.

The Chairman. It was stated here that there were 17,000,000 hides produced in this country, with an average weight of 65 pounds. That would make 1,100,000,000 pounds. The importation of hides was 120,000,000, or pretty nearly 10 per cent, instead of 40 per cent, of the hides produced here. Now, all the hides produced here are not consumed in the United States. There is a large exportation of leather, is there not? About $22,000,000 a year of all kinds of leather, and $10,000,000 of shoes and harness, and all that sort of thing, requiring a good deal of hides to make the leather that is exported.

Mr. Jones. Yes, sir.

The Chairman. You said, in answer to Mr. Fordney's question, if there was a duty of 60 per cent on 120,000,000 pounds of leather that was imported into the country that it would add 60 per cent to the value of 1,100,000,000 pounds of hides produced in this country. Do you mean to stand on any such assertion as that? Do you mean to say the entire duty is added to the price of the domestic article, when the domestic article produced is ten times the imported article?

Mr. Jones. I mean to say the fact that a duty of 15 per cent is imposed on hides increases the cost of the hides taken off in this country by about 15 per cent above the level of the world.

The Chairman. I think you are as wrong and mistaken about that as you are about anything you ever thought of in your life. I do not believe it adds scarcely anything to the value of hides in this country, and makes very little difference whether the hides are taken off or left on, so far as you shoemakers are concerned. Go a step further with that. The shoes you make contain how much sole leather?

Mr. Jones. From 2¼ to 2½ pounds.

The CHAIRMAN. That means 1¼ pounds of hide to make 2½ pounds of sole leather, does it not?

Mr. JONES. I do not know.

The CHAIRMAN. The filling in the hides doubles the weight, does it not? On that supposition, that there is a pound and a half of hide goes into the shoe and the duty is 15 per cent of the average importing price of the hide, which is 15 cents a hide, that would be 0.0225 cent if the whole duty was added to the price of the hide or of the leather made from that hide in the United States, going into the shoe that you produced. If you export those shoes, what is your exporting price? What is the exporting price of your shoes? What is the importing price, if they are imported from abroad—shoes similar to those you make? What do you sell yours for?

Mr. JONES. We do not import any shoes.

The CHAIRMAN. What do you sell your shoes for?

Mr. JONES. From $2.25 to $3.50 a pair. We sell them at the factory.

The CHAIRMAN. Is $3 an average price?

Mr. JONES. No; $2.75 is a better average. That is, the factory price.

The CHAIRMAN. If those shoes were imported here, they must come in at about $2.50 to meet the tariff. The tariff is 25 per cent, and that would be about 70 cents a pair. Now, you claim if you can get rid of 2¼ cents a pair in the cost of making shoes, you can take off the whole duty of 25 per cent, which amounts to 70 cents a pair, and still compete with the people abroad? You think you can give it up—you think you can give up this whole duty on shoes? Take the last proposition of all you get under that 15 per cent basis.

Mr. RANDELL. I do not think, Mr. Chairman, you understand the witness.

The CHAIRMAN. It would be about 4 or 5 cents a pair you can get rid of in that direction if you get free hides. Do you not see the absurdity of your position in that particular?

Mr. JONES. No, sir.

The CHAIRMAN. I am sorry I can not make you see it. It is as plain as day to me.

Mr. JONES. Let me explain; it is easy enough to take a lot of figures, if you do not understand their application to a particular business, and make a proposition look absurd; but the fact is that the duty makes a certain difference in the cost of sole leather. It makes a certain difference in the cost of hides in this country. If you are a dealer in hides, or if you will take the trouble to consult the gentlemen in that line of business, they will tell you the hides sell in this country at about the price in London, with duty added.

The CHAIRMAN. I do not find it so when I come to compare the tables. I had a man manufacturing shoes come to me and try to figure out that the price of leather had increased from 18 to 27 cents a pound. He said it was all on account of this duty of 15 per cent on hides. You have got beyond that point?

Mr. JONES. I never was there.

The CHAIRMAN. I figured to him just what it was, and he went to Boston to find out about it and was going to produce figures. I do not know whether he went to you or not. He finally gave it up that

he could not produce the figures. He finally saw the absurdity of his proposition. I do not think your people, with all your talk, have reached the bottom of this question yet.

Mr. JONES. It is evident you do not understand our position. We certainly have not got to the bottom of it, if this is all the impression we have made.

The CHAIRMAN. The gentleman who came in here stated you could compete with anything. One man stated he could compete with anything between the earth and the sky. You remember that expression, do you not? And that was applauded.

Mr. JONES. That was a leather manufacturer.

The CHAIRMAN. No; I think he was a shoe manufacturer. At any rate, he was applauded by the whole audience of shoe and leather manufacturers.

Mr. GAINES. They were all mighty friendly that day.

The CHAIRMAN. They all believed that, then. Now you come back here after you have published this broadcast throughout the land and tell this committee that if they take off that whole 25 per cent of duty you must reduce the price of labor. This committee is not here to reduce the price of labor because you ask for it. They are here to make a tariff bill and to do justice to all, and they want to get at the facts. They would like to get the facts from you. We want your final facts, your final conclusions. If you want to amend what these gentlemen said, go ahead and amend it, but we want to get the facts before we act.

Mr. JONES. I do not know that I have any right to assume responsibility for what anybody else said, but what I said is published here in your official report.

Mr. UNDERWOOD. The duty on hides is now something like $3,000,000. The Government needs the revenue. You gentlemen come here asking us to remove the duty on hides and give up that amount of revenue. What do you want it for? Why do you want us to remove that duty?

Mr. JONES. Because it is destroying the industry we are engaged in.

Mr. UNDERWOOD. Destroying the industry in America?

Mr. JONES. Yes, sir.

Mr. UNDERWOOD. In America?

Mr. JONES. Yes, sir.

Mr. UNDERWOOD. How is it destroying the industry in America? You have not any competition from abroad, have you?

Mr. JONES. I will tell you how. I tried to explain the other day, and I want to say in answer to the gentlemen here this morning that this duty is enabling the packers of this country to control, first the packing hides that they take off themselves, and although the gentleman denied it here this morning, they are controlling to a very large extent the country hides taken off in this country—and I want to repeat that statement.

The CHAIRMAN. Do you not believe you can stand a reduction of this duty—just between us here now? You can stand a reduction of this duty to 5 per cent on shoes without cutting down the wages of a single employee, can you not?

Mr. JONES. No, sir.

The CHAIRMAN. You do not think you can do that? You are sure you can not do it, but you think you can on 10 per cent?

Mr. JONES. On many classes of goods; yes, sir.

The CHAIRMAN. On any class of goods. You said a few minutes ago you could stand the free list on your class of goods.

Mr. JONES. I said I would like to have them free.

Mr. COCKRAN. We will accommodate you. [Laughter.]

Mr. JONES. I said before, and I repeated it to-day, that a readjustment of a number of conditions would have to take place, and I should be very glad to see that readjustment take place. That is the reason I would like to see the duty taken off.

Mr. GAINES. Do you mean to bring the wages of labor down?

Mr. JONES. Or bring their productive capacity up.

The CHAIRMAN. I would like to get your whole idea in one proposition. What would be a fair protection between this labor in this country and similar labor abroad? I would like to have it in one proposition, and altogether.

Mr. JONES. The general opinion of our trade——

The CHAIRMAN (interrupting). What is your opinion?

Mr. JONES. My own opinion is that 10 per cent will represent the difference in labor cost.

The CHAIRMAN. Now, you have come down to business.

Mr. JONES. That is what I said the other day.

Mr. CLARK. In whose congressional district do you live?

Mr. JONES. In Mr. Tirrell's.

Mr. CLARK. Is that close to Mr. Gardner's district?

Mr. JONES. No, sir; it is the other side of Boston.

Mr. CLARK. Do you live in Boston?

Mr. JONES. My place of business is in Boston. I live in Weston.

Mr. CLARK. The reason for your reappearance here is that you were all down here before, and when you got back home you found the manufacturers of coarse shoes stirred up a row in Massachusetts, which has developed a sort of a feud between the fine-shoe makers, and the makers of "brogans," as we call them out West. Is not that about the size of the situation?

Mr. JONES. I had not heard of it. It may be so, but there is no feud so far as we have heard anything about it.

Mr. CLARK. It may not have developed into rifles and revolvers, but there is a row, is there not?

Mr. JONES. No, sir; not that I know of. There was published in all the newspapers, shortly after the hearings before the committee, a statement that all the manufacturers present were in favor of free shoes. A number of manufacturers came to me and asked me if I was in favor of free shoes. I said, for myself and for nobody else, I was. They asked me what I thought conditions required, and we took a lot of time and figured it out and got the best information we could as to the difference in labor cost, and I find it to be, as nearly as we can ascertain it now, just what I stated when I was here before.

Mr. CLARK. As I understood you before, if hides are put on the free list and leather is put on the free list and shoes are put on the free list, it would affect and cut down the price to the consumer more in coarse, heavy shoes than it would on fine shoes. Is that correct or not?

Mr. JONES. That is entirely correct.

Mr. CLARK. That is the very reason I was in favor of it. Your position now goes back to the New England position, where it has

been for a good long time; to get everything you use free and put a tariff on what you have to sell. Is not that your position here to-night?

Mr. JONES. We are willing to cut the tariff in two in the middle, or more.

Mr. CLARK. But cutting the tariff in two in a great many instances will not reduce the price to the consumer a single red cent, will it? The only way to be sure we will get at this on the shoe business is to put shoes on the free list, along with hides.

Mr. GAINES. What is the United Shoe Machineries Company?

Mr. JONES. It is a corporation that manufactures all the classes of shoe machinery that are used in this country, and a large part of those used in Europe.

Mr. GAINES. Is it essential to have the machinery of the United Shoe Machineries Company in order to manufacture fine shoes in this country?

Mr. JONES. Yes, sir.

Mr. GAINES. Do you own any of their machines in your shop?

Mr. JONES. We lease a large quantity; very few do we own.

Mr. GAINES. Can they be owned? Do they lease shoe machines, or do you buy them?

Mr. JONES. Most all of their machinery they lease. Some few kinds they sell, but most of it is leased.

Mr. GAINES. Have you a copy of the contract or any of the contracts they write in leasing their machinery?

Mr. JONES. I have not with me. I have plenty at home.

Mr. GAINES. Will you send a copy here to be filed?

Mr. JONES. With great pleasure.

Mr. GAINES. According to the terms of that contract, are you limited to the use of their machinery, or can you put in any other machinery of an independent inventor?

Mr. JONES. Their leases are filled with what we call "tying clauses."

Mr. GAINES. What are those tying clauses? Explain the operation.

Mr. JONES. If we wish to use their last machines, we can only do it in connection with their heeling machines, and if we wish to use their heeling machines we can only do so in connection with their lasting machines, doing in that way throughout the whole manufacture of shoes with reference to the classes of work for which they make machinery.

Mr. GAINES. Is it possible to get a complete line of modern shoe machinery without using their machines?

Mr. JONES. No, sir.

Mr. GAINES. Therefore, in order to use their machines, you must use theirs exclusively?

Mr. JONES. Practically so; yes, sir.

Mr. GAINES. The Canadians have a patent law, have they not, by which the patentee is prevented from introducing into any contract for the use of his patent any such clause as the United Shoe Machineries Company have in leasing their patents in this country? Or is that in England? I know there is such a law somewhere.

Mr. JONES. That law is one of the laws passed by the English Parliament about two years ago. It applies in England, but I do not know whether it applies in Canada or not. That law forbids the English manufacturer of machinery from attaching any condi-

tion to the use of his machine that the patent does not grant him. He can not tie it to anything else. He simply has the right to use it under the conditions of the patent.

Mr. GAINES. Is not this a fact, that the greatest difficulty that the American shoe manufacturer now has in free competition—the greatest single difficulty—is the peculiar kind of contract by which he is tied up with the United Shoe Machineries Company? In other words, if he could buy these machines at a reasonable price, or if he could introduce such machinery other than theirs in his factory as he pleased and was free and independent in the choice of the agencies of manufacture—if that is a good impression—would it not amount to a very considerable economy to him in the production of shoes?

Mr. JONES. I think it would. That is my personal opinion—that it would be a very valuable privilege.

Mr. GAINES. So are you not suffering more in fact from the Massachusetts machinery trust than you are from even the packers?

Mr. JONES. The operation of that machinery lease has stopped our progress and development, and also the foreigners, who are put on an even basis with us; that is to say, the foreigner gets all the improvements, all the patents as soon as we do, and is instructed in the use of the new machinery, which formerly, when we had new machinery, we kept away ahead of the foreigner. That is one of the reasons why the labor cost abroad has gone down while we have stood still. If I understand your question rightly, that is the condition.

Mr. GAINES. Do you not believe that even if you are correct in thinking that the tariff on American hides should increase by the amount of duty on the foreign hide, and if that duty should be removed—do you not think in a very short time, if a large portion of the relief comes to the shoemaking trade, they would be absorbed by the United Shoe Machineries Company in the matter of installation of machinery and releasing of it?

Mr. JONES. I do not think they would increase their charges; no, sir. They are sufficient now for any possible purpose.

Mr. GAINES. How much do the rentals on their machines amount to on a pair of shoes in your establishment?

Mr. JONES. I should say, roughly, 5 or 6 cents a pair.

Mr. CLARK. How long have the patents to run on those machines?

Mr. JONES. A great many of them are already run out, but there are clauses in their leases which compel us to allow them to attach improvements, and every improvement, of course, carries seventeen years more.

Mr. CLARK. Yes; I know. [Laughter.]

Mr. FORDNEY. I want to ask Mr. Jones if hides were put on the free list, whether it would make any difference with the exportation of American-made shoes to foreign countries?

Mr. JONES. It certainly would, sir.

Mr. FORDNEY. You get a drawback of 99 per cent, do you not?

Mr. JONES. No; we do not get much drawback. You know a great many of the shoes we make for foreign markets are not made out of imported hides at all. They are made out of domestic hides on which there is no drawback, but the domestic leather has been increased in price and we have it to pay, so of course we are helpless. The foreign manufacturer, as a fact—I want to say this, not because I want to

carry a point, but I want you to get the facts—the foreign manufacturer does buy the leather made in this country the duty less than it is sold here. The Government gives him a drawback when he sends his leather abroad. The Government gives him the drawback and he gives it to his foreign customer. In other words, American sole leather is sold abroad at 2 cents less than it is sold in this country. That is not theory. That is a fact that occurs every day. American leather is sold at 2 cents a foot less abroad than it is sold for in this country. That is a fact that occurs, and that can be verified by any number of shipments any day you care to look into the matter. I have figured up to verify the figures made before, and have examined the cost of both domestic and foreign hides. I find the finished grain leather to this market is 12 cents for a common country hide, which costs in the factory abroad 2 cents a foot more made from the foreign hide, with duty added, than it would from the same hide with duty not paid if it were free. That 2 cents a foot represents 6 cents in the cost of a pair of shoes. There are 3 feet of leather in every pair. The sole leather represents an additional cost of 4 cents a pair. In that case the shoes show an actual difference in cost of 10 cents, and the foreigner can make that shoe just that much cheaper than we can.

Mr. Gaines. I do not want to convey the idea to you that I discredited the truthfulness of your statement at all; not at all.

Mr. Jones. It is not a matter of opinion. It is a matter of daily business.

Mr. Gaines. If you and I differ it is a matter of opinion, and not because I believe you are dishonest in your statement at all.

Mr. Jones. I hope not, sir, because I am here under oath and came only for the purpose of giving the facts.

Mr. Randell. You say a majority of the shoes shipped from the United States are made of domestic hides?

Mr. Jones. I do not say that. I said ours are, the ones that we make. We use very little foreign hides in our shoes.

Mr. Randell. If you can get along with foreign trade with the tariff on the hides, could you not get along better just with the duty off the shoes and the tariff off the hides?

Mr. Jones. The duty on shoes would not make any difference to the foreign trade.

Mr. Randell. If you can compete with the domestic hides in the foreign country you certainly can here.

Mr. Jones. Certainly.

Mr. Randell. Then, from that standpoint, what business have you to ask the country to pay you a bonus on your shoes for the home market by putting a tariff on them?

Mr. Jones. Merely to protect the wages of labor; that is all.

Mr. Randell. You are manufacturing shoes for the foreign markets?

Mr. Jones. Yes, sir.

Mr. Randell. Working your men to do that?

Mr. Jones. Yes, sir.

Mr. Randell. And after building up this trade under a tariff you want to continue to charge the home people more than they can get the same product for in a foreign country?

Mr. JONES. The exportation of shoes as it occurs with us is practically all to South America, Mexico, Cuba, and Porto Rico.

Mr. RANDELL. That makes no difference. If you compete in the markets of the world, why is it you ask a tariff so you can require the American people to pay you more than they would have to pay if they did not have the privilege of living in this country but lived somewhere else? You can not give a reason for that, can you?

Mr. JONES. I have tried to point out my reason. I do not know that I can give a reason that will be satisfactory to you. You see, if you desire to protect the American workmen, you must not take off the tariff, because if you do the wages abroad will allow them to send shoes in here.

Mr. RANDELL. Do you not know the tariff on shoes in the present tariff law, the Dingley bill, was obtained on the representation that the cost of labor on shoes was less in foreign countries than in America?

Mr. JONES. The rate of wages is much less.

Mr. RANDELL. Do you not know the statement was made and that the understanding was that the difference in labor cost was such that we ought to have a tariff to offset one against the other, when as a matter of fact it was just the other way and that labor cost there was higher than here?

Mr. JONES. I did not know that that claim had been made at that time. I did not know that.

Mr. RANDELL. It was not a fact, was it?

Mr. JONES. No, sir; it was not.

Mr. RANDELL. It is not a fact now, is it?

Mr. JONES. Yes, sir; it is.

Mr. RANDELL. Then you differ from some of these gentlemen who testified before?

Mr. JONES. I do not think so.

Mr. RANDELL. You do not agree it is just simply approaching nearer and may hereafter get cheaper?

Mr. JONES. No; it is cheaper now. I said so before, and I repeat it. There are certain kinds of shoes that may still be made in this country as cheap as they can be made abroad. Mr. Little, of the Sorosis Shoe Company, said so.

Mr. RANDELL. If you were not in the shoe business, but were one of the consumers in this country, would you feel that some of the men in the business you are now in had a right to ask Congress to make a law that would force you to buy his shoes at higher prices than you would have to pay in the markets of the world?

Mr. JONES. That is the old question——

Mr. RANDELL. I am talking about this particular condition in reference to this matter.

Mr. JONES. I do not think it is right, personally. I believe you ought to improve conditions and make them as they used to be, and let us make them cheaper than anybody in the world.

Mr. RANDELL. You have not answered my question. Under present conditions, as they now exist, do you feel that you would be willing and would you think it was right for Congress to pass a law to make you pay the producer of shoes similar to those you produce now a higher price than you would have to pay if it were not for that law?

Mr. Jones. That is what I understand is the policy of protection.

Mr. Randell. I would like an answer to that question.

The Chairman. Well, Mr. Witness, answer the question one way or the other.

Mr. Randell. I would like an answer to it if he can answer.

The Chairman. Are you in favor of it or not?

Mr. Jones. I do not think I understand what he means.

Mr. Randell. If you were a consumer, would you think it was right?

Mr. Jones. If any tariff is right, that is right.

Mr. Randell. Is that the best answer you can give me?

Mr. Jones. Yes, sir.

Mr. Gaines. Are you a protectionist or free trader?

Mr. Jones. I consider free trade is entirely inexpedient in this country at the present time. I think the tariffs ought to be greatly lowered, and ultimately free trade might obtain—ultimately, but not at present.

STATEMENT OF CHARLES A. REYNOLDS, OF CAMDEN, N. J.

The Chairman. Mr. Reynolds, how much time do you want?

Mr. Reynolds. I will be as brief as I can.

The Chairman. Give us some idea of how much time you want.

Mr. Reynolds. Not over fifteen minutes.

(The witness was here sworn by the chairman.)

Mr. Reynolds. Mr. Chairman and gentlemen of the committee, I represent the manufacturers of japanned leather. Patent leather for shoes is of four kinds: Patent colt, a japanned colt skin; patent kid, a japanned goatskin; patent calf, a japanned calfskin; and patent side leather, a japanned grain of a cowhide. All of these leathers are japanned on the grain.

What we will endeavor to show is that the present rate of duty under which these leathers are classified should be maintained. There is a duty at present on this class of leather of 30 cents per pound and 20 per cent ad valorem, weighing not over 10 pounds per dozen hides or skins; if weighing over 10 pounds and not over 25 pounds per dozen, 30 cents per pound and 10 per cent ad valorem; if weighing over 25 pounds per dozen, 20 cents per pound and 10 per cent ad valorem. The leathers that are manufactured by us come under that classification, and we ask that this duty or tax be maintained on these leathers. To substantiate that we have made a calculation, and we find that the cost of labor—that is, taking the cost of producing American patent leather—is 49.72 per cent; the cost of material, 37.56 per cent, and the manufacturing expense, 12.72 per cent. Then as applied to the cost of finished product, we find the cost of labor to be 20.48 per cent; the cost of material, 15.47 per cent; the manufacturing expense, 5.24 per cent; and the cost of the raw stock, as applied to the finished product, 58.80 per cent. We find from the best authority obtainable and from my own personal experience that the difference in the cost of labor on the German patent calfskin is about 50 per cent lower than it is in this country, which, as applied to the total cost of our products, would be close to about 10 per cent.

We find also that the articles that enter into the tanning of our American product are duitable to the extent of about 33 per cent, which as applied to the total cost of the materials which we use would equal another 5 per cent. In addition to that there are incidental expenses, such as freight and other items, that would go to make up another 5 per cent, and we claim that in order to foster this industry, which I may say in the last ten years is practically a new one, having practically grown from nothing to a volume of about $25,000.000. The imports of the German have been reduced from $1,270,214, in 1900, to $229,173, in 1908, showing the growth of this industry under a protective tariff, and we ask that this tariff should be maintained to protect our industry and our American labor.

Mr. UNDERWOOD. How much is the total production of your industry in this country?

Mr. REYNOLDS. From the best information obtainable, about $25.000,000.

Mr. UNDERWOOD. How much are the importations?

Mr. REYNOLDS. They amount to $229,173 in this fiscal year.

Mr. UNDERWOOD. Then it is practically a prohibitive tariff now.

Mr. REYNOLDS. No; we would not consider it a prohibitive tariff, because the Germans are sending it into this country to-day; German calfskin finished on the flesh, which comes in competition with our class of goods.

Mr. UNDERWOOD. But the total importations are less than $300,000, and the total production is $25,000,000.

Mr. REYNOLDS. Twenty-five million dollars in the patent shoe leathers.

Mr. UNDERWOOD. That is less than 1 per cent, isn't it?

Mr. REYNOLDS. Yes; that is less than 1 per cent.

Mr. UNDERWOOD. That is prohibitive, isn't it? One per cent can not interfere with you.

Mr. REYNOLDS. In that sense it is prohibitive; yes—that is to say, we are fostering and encouraging this industry and employing American labor, when, without protection, the Germans would be admitted into this market and destroy our industry and our labor.

Mr. UNDERWOOD. If you had 75 per cent of the American market, it would not destroy your industry, would it?

Mr. REYNOLDS. Every dozen of leather that comes into this country that is made in Germany takes from our factory that much work.

Mr. UNDERWOOD. Of course there is no question about that. But if you had it fixed so that you could control 75 per cent of this market, it would not destroy your industry, would it?

Mr. REYNOLDS. I think I had better explain to you the nature and character of the leather manufactured by the foreigner as compared with our own.

Mr. UNDERWOOD. But the question I asked you is, If the duty was lowered to about where you would still control about 75 per cent, or the competition was such that you still controlled 75 per cent of the market, your industry would still survive?

Mr. REYNOLDS. No, sir; I do not believe that we could do that, for the reason that the leather that is imported from Germany is that which enters into the high class of shoes. In manufacturing our products we finish our leather entirely on the grain side. On the grades

of leather imported into this country it ranges from 45 to 36 cents per foot. That is to say, the leather is sold principally by the dozen, but the shoe manufacturers who use these things give me the figures—about 45 cents per foot. Now, if the duty is removed upon those goods and they are admitted free, it takes from us the high grade. Whatever proportion of that duty is reduced gives the foreigner that much advantage over us, and in our high grades it takes from us the market on our high grades. Those goods are made in grades; that is, our product in the coltskin is made from 15 to 40 cents per foot. In the goatskin 25 to 45 cents per foot, and in the cow sides it runs an average of about 26 cents. Now, on the low grades of leather we can not make a profit, and we must depend on the high grades for our profit. If we are deprived of the market, we are deprived of a profit on our product.

Mr. UNDERWOOD. There is no importation, and the duty as at present prohibits it, and you are not making a profit on leather because of the competition among yourselves.

Mr. REYNOLDS. The competition among ourselves is so keen there is no opportunity of our making an excessive profit.

Mr. UNDERWOOD. You do not expect to make an excessive profit out of the American people.

Mr. REYNOLDS. No.

Mr. UNDERWOOD. Are you making a legitimate profit out of it now?

Mr. REYNOLDS. Yes; we are.

Mr. UNDERWOOD. That is all you are entitled to.

Mr. REYNOLDS. Yes, sir.

Mr. UNDERWOOD. Then you have nothing to complain of about the low grades.

Mr. REYNOLDS. But the point I am trying to make is if the present duty is not maintained and the foreign market is admitted into this country, it is going to take from the American factories whatever amount of leather comes in here that supplants our goods.

Mr. UNDERWOOD. But in silks and woolens and cotton and iron and steel a certain amount of goods is allowed to come here, and you think your industry alone ought to have from the Government a monopolistic tariff, do you? You have a prohibitive tariff that you insist should remain as it is. Do you think it is right for the American Congress to give you an exclusive tariff, which is not given to the ordinary manufacturers?

Mr. REYNOLDS. All I claim is this, that the amount of leather that was brought into this country in 1900 was $1,270,000, and this industry of the American patent leather is a new industry, and we have supplied a leather grading from 15 to 40 cents that has taken the place of the foreign article. We have done that under this protective tariff, without which the German comes in.

The CHAIRMAN. You get your hides free, do you not?

Mr. REYNOLDS. No, sir.

The CHAIRMAN. They are imported free, aren't they?

Mr. REYNOLDS. No; they are not all imported free. There is a duty on hides that are over 25 pounds, on cowhides.

The CHAIRMAN. But you are talking about hides weighing over 25 pounds per dozen, hides and skins. There are very few of those.

Mr. REYNOLDS. Yes; the percentage is small.

The CHAIRMAN. Which hides generally come in free?
Mr. REYNOLDS. Yes, sir.
The CHAIRMAN. The hides are prepared and then an application of 4 or 5 coats of varnish to complete the job. Which side of the hides do you put the varnish on?
Mr. REYNOLDS. On the grain side.
The CHAIRMAN. There was some one here the other day pretending that the only competition they had really was a cheap morocco hide that was coated on the inside instead of the outside.
Mr. REYNOLDS. Ours is on the grain side, which is the outside.
The CHAIRMAN. Some man made the claim of that, and that was the only way they are coming into the market, because they are coated on the outside instead of the inside, and it costs less to prepare the hides in that mode. Do you agree with that?
Mr. REYNOLDS. I do not know what it costs to prepare and coat the German article.
The CHAIRMAN. You say that 48 or 49 per cent of the cost is labor?
Mr. REYNOLDS. Yes, sir.
The CHAIRMAN. The coating of these hides and the varnishing is not high-class labor and not very expensive. How much——
Mr. REYNOLDS. They make about $15 or $16 a week.
The CHAIRMAN. Two dollars and seventy cents a day?
Mr. REYNOLDS. Yes, sir.
The CHAIRMAN. Where does the competition come from?
Mr. REYNOLDS. Germany.
The CHAIRMAN. What do they pay in Germany for that kind of work?
Mr. REYNOLDS. They pay about 50 per cent of what we pay here.
The CHAIRMAN. Of course you have the advantage of freight.
Mr. REYNOLDS. No; the advantage is a little in favor of the German.
The CHAIRMAN. Where do you manufacture?
Mr. REYNOLDS. In New York and Bristol——
The CHAIRMAN. Then, you have to freight hides to New York to get them to the market?
Mr. REYNOLDS. They come into Philadelphia.
The CHAIRMAN. But the freight to New York is naturally against them, isn't it?
Mr. REYNOLDS. Yes; naturally.
The CHAIRMAN. Are the freights high or not on this class of goods?
Mr. REYNOLDS. On the raw material?
The CHAIRMAN. No; on the morocco skin—the finished product.
Mr. REYNOLDS. The freight, as I understand from all the information I can get, is about equal to two-tenths of 1 per cent on the finished product.
The CHAIRMAN. What is the insurance?
Mr. REYNOLDS. I can not tell you; I do not know.
The CHAIRMAN. Where did you get your information as to the wages they pay over there?
Mr. REYNOLDS. I was in Germany last summer and went through one of the tanneries there, and I asked the gentleman who was taking me through what they paid in that particular department, and he told me they were earning about 28 to 30 marks a week, which would

equal about $7.25. That same work we pay in this country, piece for piece, $2.40 a day, or $14.40 per week.

The CHAIRMAN. Do your people accomplish more with the men over here?

Mr. REYNOLDS. No, sir; that man did the same amount of work we do in this country, 40 dozen per day.

STATEMENT OF GEORGE A. KERR.

(The witness was sworn by the chairman.)

The CHAIRMAN. How much time do you want?

Mr. KERR. I suspect it will take me over a half an hour, probably, to get through.

The CHAIRMAN. Proceed.

Mr. KERR. If you desire to give me the first call in the morning, I would just as leave you do it.

The CHAIRMAN. You can not come in the morning. I am afraid the morning is worse than to-day. What are you going to talk about?

Mr. KERR. Domestic tanning extracts. On the 4th of December the manufacturers of domestic tanning extracts filed a brief asking for an increase in the tariff on foreign-made extracts. In that brief they omitted a statement of facts as to the condition of this industry under the existing tariff, and in the last paragraph they proposed to offer a verification of those bare statements. In this first brief we make merely a statement of the bare statements of the existing conditions, and now are supposed to verify those conditions as far as possible. In order to do that I will proceed with this secondary brief.

Our first claim is that inasmuch as 75 per cent of the total cost of producing tanning extracts is the item of labor, the principle of protection, in every sense, may eventually apply to this industry.

Our raw material, i. e., chestnut wood, is the greatest item of cost, and is at this time costing an average of $4.50 per cord at the various mills. This value is made up as follows:

	Cost.	Per cent.
Price of stumpage per cord	$0.25	5.55
Average freight per cord	1.00	22.22
Labor, including felling, splitting, handling, and hauling	3.25	72.23
Total	4.50	100.00

If all the plants now established were to run full capacity, they would consume about 500,000 cords per year, the total value of which is $2,250,000; the amount directly expended for labor would be over $1,625,000.

As to the manufacture of the finished product from this raw material, the cost for labor is 49 per cent of the total cost of manufacturing the extract, exclusive of raw material, or $1.625 per cord, which amounts to $812,500 more, making a total of $2,437,500 per annum expended for labor on a product which has cost to produce in all $4,687,500. That is to say, the direct labor cost is over 62 per cent of the entire cost of production, or 3 cents per unit of tannin. Hence, for each ton of quebracho or mangrove extract imported into

the United States containing 1,452 units, the loss to American labor is $43.56, or on the importations of quebracho during the year ending June 30, 1908, a gross loss of $1,655,690. The contingent or indirect labor involved in freight, coal, oils, etc., will make the percentage of cost, exclusive of wood, due to labor, exceed 75 per cent.

Now, paragraph 2 of our preliminary brief is—

That the present duty on foreign manufactured extracts does not offset the difference in cost of labor in the United States and foreign countries.

Mr. Skiddy, in his brief presented November 10, and printed in tariff hearings, first print, No. 1, shows that in the Argentine common labor costs but $18 per month, against ours, costing $38, while the proportionately small number of skilled men employed cost from 30 to 40 per cent less than ours. In the East Indies the labor cost is still less. The less cost of labor is involved not only in the manufacturing cost, but in the various items connected with raw material, supplies, etc. Putting together the various items making up the total cost, it is found that the Argentine manufacturer can produce solid quebracho extract containing 65 per cent tannin for about one-third the labor cost involved in producing an equivalent chestnut extract under United States conditions.

While the quebracho extract is brought into the United States in solid form, containing 65 per cent tannin, it is necessary in order to compare in parallel the costs of production of quebracho and chestnut extracts that the quebracho shall be considered on the basis of 25 per cent tannin, the standard for domestic chestnut. One ton of quebracho wood will make 1,450 pounds of extract containing 25 per cent tannin, whereas one ton of chestnut wood will make only 325 pounds of extract containing 25 per cent tannin. With these yields it is possible to tabulate the items of production cost per 100 pounds of extract containing 25 per cent tannin, the quebracho under Argentine conditions and the chestnut under United States conditions.

I have some tables and diagrams here that will enable you to follow this very quickly.

Mr. Crumpacker. There was a man before the committee some time ago who said he imported the quebracho wood from South America, and that the duty was so low that he could not compete with the German manufacturers of extracts out of quebracho wood. He said it took 4 tons of wood to make 1 ton of extract, and the Germans had gone into the forests in Argentina with their factory and manufactured this extract back there and shipped that up here and saved the expense on the wood. He wanted the tariff high enough so that he could import the logs from the forest in Argentina and manufacture the extracts here. You are not engaged in that business, are you?

Mr. Kerr. No, sir. However, it is a kindred business.

Mr. Crumpacker. I notice from your statement, too, that quebracho timber is about four times as strong, as rich, in tanning extract as the chestnut.

Mr. Kerr. Yes; that is true.

Mr. Crumpacker. You think there ought to be a tariff high enough not only to cover the difference in cost of labor, but to compel our tanners to use the weak extracts?

Mr. Kerr. Oh, no; not at all.

The CHAIRMAN. You do not object to the importation of quebracho-wood tree, to be made into an extract, provided we do it by American labor.

Mr. KERR. Precisely.

Mr. CRUMPACKER. I do not remember the name of the witness, but he said this wood was cut inland, and it had to be freighted over the seaboard and then shipped up here in the log. If they had that done, of course it would cost about four times as much to carry the log out to the seaboard down in Argentina and to freight it up and manufacture it over here. It struck me as a very poor business proposition from any standpoint.

Mr. KERR. I should prefer Mr. Skiddy should answer that. He is a quebracho-extract manufacturer. I am a chestnut-wood manufacturer, and I am talking particularly of domestic extracts grown and made in this country.

Mr. CRUMPACKER. It seems to me that your chief difficulty is that the percentage of tanning extracts in chestnut is very low compared with quebracho.

Mr. KERR. That is the chief condition.

Mr. CRUMPACKER. You have a tremendous natural disadvantage to overcome and you want to be protected against that by tariff.

Mr. KERR. Against the labor cost. All things being equal, of course they shall have the advantage of having the 4 to 1. We have to have the 4 tons of wood to their 1. That makes four times as much labor. They are getting their labor for one-half as much as we are ours, so they can get their extracts for eight times less than we can.

Mr. CRUMPACKER. You have to handle four times as much wood—labor costing twice as much.

Mr. KERR. Yes, sir.

Mr. CRUMPACKER. You have some difficulty, then.

Mr. KERR. You bet we have some difficulty.

Mr. CLARK. Do you claim that it costs $4.50 for a cord of wood?

Mr. KERR. Yes, sir.

Mr. CLARK. How do you figure that out? I wish you would repeat your figures.

Mr. KERR. Do you mean as to the cost?

Mr. CLARK. Yes. It is worth 25 cents in the tree.

Mr. KERR. It is worth 25 cents in the tree; it costs 70 cents to cut it and split it into cord wood; it will cost you from $2 to $2.50 to get it to the railroad; it will cost you $1 for freight.

Mr. CLARK. How far is it from the railroad?

Mr. KERR. Anywhere from a mile up to 4 miles.

Mr. CLARK. Do you undertake to say it cost $2 to haul a cord of wood a mile or two?

Mr. KERR. I can prove it. I know so. If I can get anybody to take a contract to haul it for less, I will give them all they can do.

Mr. CLARK. I think every wood hauler in America would be glad to get that contract.

Mr. KERR. I should be glad to let them.

Mr. CLARK. How many cords can they haul in a day?

Mr. KERR. A cord of chestnut wood weighs 2 tons.

Mr. CLARK. I do not care how many tons it weighs. How many tons can they haul in a day a mile or two?

Mr. KERR. How far?

Mr. CLARK. A mile or two.

Mr. KERR. On a mile haul I suppose they will make about five loads a day. On 4 miles they will not make two loads a day. On 5 miles——

Mr. CLARK. You did not say anything about 5 miles until you came to qualifying it. An average team and man—a good team and man only costs $3 a day.

Mr. KERR. I beg your pardon; it costs us from $3.50 to $4 a day.

Mr. CLARK. That is down in Virginia.

Mr. KERR. Yes, sir.

Mr. CLARK. Do you have any idea why a man and team should cost more in Virginia than in the Mississippi Valley?

Mr. KERR. I suppose there is more demand for them; more doing.

Mr. CLARK. I guess you are very much mistaken, if that is your reasoning.

Mr. KERR. Demand usually affects the price of things.

Mr. CLARK. That would be $5 a day for a man and a team.

Mr. KERR. You can not operate a team and man for much less than $5 a day, by the time you have paid your repair account and interest on your investment and killed a few mules in the mountains.

Mr. CLARK. You surely would not kill many mules on a road a mile long.

Mr. KERR. I suppose you are familiar with our mountain country.

Mr. CLARK. I am familiar with all parts of the United States. I do not believe there is a team and man in the United States of America who is getting $5 a day. But go on.

Mr. KERR. If you will look at Table A, you will see the comparative cost of chestnut and quebracho.

TABLE A.—*Comparative cost of chestnut and quebracho extracts.*

[Both on 25 per cent tannin basis. Cost per hundred pounds.]

	Quebracho manufacturing in Argentina.	Chestnut manufacturing in United States.
	Cents.	*Cents.*
Wood	48.00	69.26
Labor	7.80	25.00
Incidentals (interest, depreciation, taxes, etc.)	6.43	25.74
Total	62.23	120.00

PRESENT MARKET.

Domestic extract, 25 per cent tannin, at 1.30 cents per pound = 5.2 cents per pound of tannin.

Quebracho extract, 65 per cent tannin, at 3 cents per pound=4.6 cents per pound of tannin.

HIGHEST POSSIBLE UNDER PROPOSED TARIFF.

Domestic extract, 25 per cent tannin, at 1.65 cents per pound = 6.6 cents per pound of tannin.

Quebracho extract, 65 per cent tannin, at 4.25 cents per pound=6.55 cents per pound of tannin.

	Cents.
Tannin at highest possible cost to tanner per pound of leather under proposed tariff	2.62
At present cost	2.08
Increase	.54

[Diagram omitted in this print.]

It is shown that the cost of production, under parallel conditions, is 1.2 cents per pound for the domestic chestnut and 0.62 cent per pound (25 per cent tannin) for the quebracho, or a difference against the chestnut of 0.58 cent per pound on the American standard of 25 per cent tannin. Inasmuch as the imported quebracho extract actually contains 65 per cent tannin, the difference against chestnut put upon that basis is 25:65:0.58×1.5 cent per pound of solid quebracho extract.

The duty requested is 1 cent per pound plus 10 per cent ad valorem, which, upon solid quebracho extract worth 2½ cents in bond, will be 1.25 cents per pound, which is 0.25 cent per pound less than the shown difference in production cost between Argentine solid quebracho extract and domestic chestnut extract, whereas the present duty of one-half cent per pound on solid quebracho extract is only one-third of the shown difference in such production costs.

Paragraph 3 of our preliminary brief is:

> That because of the difference in the cost of production the business has been unprofitable for the past four years.

Paragraph 4 of our brief is:

> That foreign competition has stifled what was five years ago a rapidly growing industry to such an extent that for this period the production in the United States of tannin extracts for the market has decreased.

Five years ago quebracho extract containing 65 per cent tannin was selling at from 4 to 5 cents per pound, and chestnut oak extract containing 25 per cent tannin at 1.75 to 2 cents. Under these conditions the extracts were almost on a parity, the tannin unit values being almost the same—i. e., 7 cents per unit. Profits were good, and as a natural result, the production of both kinds of extract increased rapidly. No sooner, however, had the apparent ultimate consumption been reached than prices began to drop, and in 1905 chestnut extract was sold as low as 1.14 cents per pound, which is less than cost, and quebracho at 3 cents, duty paid.

This competition received further impetus about two years ago, when the German and French Governments, to protect their domestic extract industries, put in force a greatly increased tariff. In the case of Germany, the duty was made prohibitive, being 1½ cents per pound on liquid and 3 cents per pound upon solid quebracho extracts. This resulted in the United States being made the dumping ground for the surplus quebracho. Since then Argentine solid quebracho has sold as low as 3 cents or less, duty paid, at which price any chance of competition by chestnut oak extract has disappeared.

Illustrating this point clearly, the tannin unit value at which quebracho extract is sold is 4.6 or 3 cents per pound extract containing 65 per cent tannin; whereas, in a previous paragraph we have stated the cost of making chestnut oak extract to be 4.8 cents per tannin unit, or 1.2 cents per pound of extract containing 25 per cent tannin.

During a period from 1898 to 1904, the domestic manufacture increased two or three times in volume. From 1905 to the present time, the capacity for output has remained stationary, while the actual output has decreased. This in the face of a large increase in the consumption of extract.

Attached hereto we offer a diagrammatic survey of the business of producing chestnut extract in the United States during the period of six years, or from 1902 to 1907, inclusive. On this diagram is shown the cost of wood in dollars and cents per cord from the year 1903 to the year 1907, by which it is seen that the price has risen from $2.50 per cord in 1903 to $4.50 per cord in 1907, or an increase of 80 per cent. At the same time common labor, which is employed almost exclusively by this industry, increased in cost from $1 per day in 1903 to $1.50 per day in 1907, or an increase of 50 per cent. It is fair to say that if a similar line were drawn covering the other, materials entering into the manufacture of chestnut extract, such as coals, oils, machinery repairs, etc., this line would show an increase common to such increase as found in other industries. From 1898 to 1902 the output of chestnut extract showed a small increase of volume, but in 1903 several additional plants were put into commission, and by the end of 1904 the output had been doubled. From 1904, however, the production of chestnut extract has been substantially stationary. From 1903 to 1907 the net gain in volume of chestnut extract produced in the United States has been 100 per cent; whereas, during the same period, the importations of quebracho extract have risen from 6,000 tons to nearly 40,000 tons, or an increase of 570 per cent, such increase in quebracho importation showing an almost steadily rising line from 1903 to 1907. Coincident with the increase in consumption of chestnut and quebracho extracts, there occured a steady, continuous drop in the selling price of chestnut extract. While there was sufficient demand to absorb the output of both extracts, it was a demand forced by the strong competition between the two materials in which the selling price of the domestic chestnut extract was sacrificed, the decrease in such selling price from 1903 to 1906 being in excess of 35 per cent.

Under the stimulus of a reduced duty upon foreign-made tanning extracts there is no reason why the importations of such material shall not continue to rise in volume until the domestic chestnut extract, through the limitation of market and lowering of selling price below cost, shall be eliminated as a source of supply for the domestic tanning industry.

Paragraph 5 of our preliminary brief is:

> Yet this industry, under proper auspices, is capable of great development, and in a few years its employment of labor would be enormously increased.

On the other hand, putting the duty at an amount sufficient to cover the difference in cost of production between quebracho extract and chestnut extract will enable the chestnut extract industry to maintain a uniform rate of increased production, as may be required by the increased output of domestic leather. Existing plants are readily capable of producing 50 to 75 per cent more material than they did in 1907.

Abundant timber areas to support the maximum producing capacity of existing plants are at this time either entirely within the control of manufacturers or directly tributary to the points of production.

It may be stated briefly but accurately that the producing potential of the domestic chestnut extract industry is sufficient to supply the

needs of the domestic tanning industry for a great many years ahead. The sole limitation upon the growth of the domestic chestnut extract business is the vast area of chestnut-bearing lands within the zone of the southern Appalachian Mountains from Pennsylvania to Georgia.

It is not contemplated by the manufacturers of chestnut extract that the tanning industry of the United States shall be confined to chestnut extract as its tanning material, as the trend of the science of tanning is unmistakably toward a combination of different tanning materials in the process of manufacture. The domestic tanning industry will require quebracho extract in the future, but it is the contention of the domestic chestnut extract manufacturer that the business of producing chestnut extract must, in order to meet properly and fully the future need for its product, have sufficient protection to offset the difference in cost of production between conditions in Argentina and in the United States.

Paragraphs 6 to 9 of our brief are:

(6) That the proper development of the industry will enhance the value of chestnut timber and lands which are of little or no value at present.

(7) The great bulk of the wood used for producing tanning extracts is virtually a by-product of the forests and worthless for other purposes.

(8) That unless this by-product wood is used for producing tanning material it will be allowed to waste or be destroyed by fire, entailing a loss amounting to millions of dollars annually.

(9) That inasmuch as the wood used reproduces with great rapidity the permanence of this industry, as to raw material, is assured.

Relative to the enhancement in value of chestnut limber lands, it is a fact that previous to the utilization of this wood for extract purposes it had virtually no value, and when land timbered with chestnut was sold such timber was not considered.

In the southern Appalachian range, which is the source of the timber furnishing the domestic extract manufacturer his raw material, chestnut stumpage could be purchased eight to ten years ago for less than $1 per acre, whereas equivalent lands at this time are selling for not less than $5 per acre, this advance being due almost entirely to the increased demand from manufacturers of chestnut extract.

In view of the emphasis given in recent years to the necessity for forest conservation, we most particularly desire to direct attention to the fact that the popular idea of forest destruction does not apply to this industry. Unlike the lumberman, who takes only what can be manufactured into lumber, the extract manufacturer takes the whole tree above the ground, and, instead of leaving the greater part of the wood in the forest as débris, he cleans it all up, down to the smallest limbs, leaving the ground open for the growth of young timber, and minimizing the danger from forest fires. Ninety per cent of the wood is fit for no other purpose than the production of extract, and it is a fact that large quantities of it are obtained after the lumberman has taken all he can use, and what would otherwise be burned up eventually in the annual forest fires or lost by decay, is diverted to a useful industrial purpose.

Chestnut wood, unlike any other native tannin-bearing woods or barks, reproduces with great rapidity. Thirty years will suffice to grow a second cut equal in volume to the virgin growth, so that a comparatively restricted area will furnish a perpetual supply for the entire needs of the domestic leather industry. As previously stated,

a number of the domestic manufacturers have acquired forest reserves which will provide them with raw material over a long period.

The fact that chestnut timber grows upon waste steep and barren lands, which may not be diverted profitably to agricultural or other uses, is, in connection with the known rapidity of reproduction of the species, a final practical argument for fostering the use of this forest product.

In the following letter Dr. C. A. Schenck presents his views upon the forestry questions involved in this subject. It is proper to say that Doctor Schenck is the only forester in the United States who has had during the past few years intimate personal and professional touch with the exact facts involved in the use of chestnut timber for the manufacture of tanning extracts and the relation of that business to forest operations and forest conservation.

FOREST DEPARTMENT, BILTMORE ESTATE,
Biltmore, N. C., December 15, 1908.

CHAMPION FIBER COMPANY, *Asheville, N. C.*

GENTLEMEN: In response to the queries contained in your letter of December 15, I beg to make the following statements:

1. In western North Carolina, on the property in my personal charge, comprising 180,000 acres, second growth of chestnut will be fit for removal within thirty years from the first cutting, on an average.

The forest department of the Biltmore estate in my charge is footing on a thirty years' rotation in chestnut, which means to say that we intend to cut over in 1938 the same lands which we have been cutting in 1908.

2. Under conditions of careful and systematic cutting, with sylvicultural care, the average acre of land in western North Carolina produces close to 1 cord of chestnut per acre per annum.

3. Chestnut is growing from elevations exceeding 5,000 feet down to elevations of 2,000 feet. It is occupying soil unfit for agricultural purposes. It does not grow in the bottom lands along the river, whereon alone agricultural pursuits are found to be remunerative.

Chestnut is growing, and chestnut will and should be growing, on nonagricultural lands occupying notably the northern or cool aspects of the Appalachian Mountains at altitudes running between 2,000 and 5,500 feet.

Chestnut is found usually on sloping land, which, converted into farms, is sure to erode viciously within ten years from the clearing. Such land, as a consequence, should be kept under forests and should never be turned over to the plow.

4. Assuming that the domestic demand for chestnut extract expands to an annual consumption of 3,000,000 barrels, an area of chestnut-producing lands of 3,000,000 acres approximately would be required to fill the American demand for tanning material by American chestnut extract.

5. From the forester's standpoint nothing can be better than the maintenance of a high price of wood goods.

No one will raise cotton unless it pays to raise cotton, and no one will raise chestnut in second growth unless the prospects of a remunerative outcome of the investment are good.

Forestry as a business must obey the same economic law which agriculture obeys as an economic enterprise. Goods are raised in the forest which it pays to raise.

Forestry in the Southern Appalachian region will receive a very severe blow if foreign tanning materials are allowed to compete, without bounds and limits, with the tanning material grown on our native soil.

Unless the Congress of the United States finds ways and means to protect the financial results of forestry there will not be any forestry in the country of Stars and Stripes and dollars and cents.

Hoping that I have answered your queries, I am,

Very respectfully, yours,

C. A. SCHENCK.

Paragraph 10 of our brief is:

That the requested increase in tariff is a negligible factor in the cost of leather to the consumer. It may increase the cost of shoes about 1 cent per pair.

Green packer hides, as furnished by the meat packers of the United States, yield in the average 30 per cent of actual dry hide substance, which is convertible into leather, and in the manufacture of sole leather, which requires more tannin than any other, it has been well established that 1 pound of tannin will tan and fill 1 pound of hide substance, making, with the ash, oil, fat, and moisture, 2½ pounds of merchantable leather. At present market prices, the chestnut tannin in a pound of leather costs the tanner 2.08 cents and the quebracho tannin in a pound of leather 1.84 cents.

Now, assuming the domestic manufacturer to be able to avail himself of the full amount of the requested tariff, it means the increased costs of the leather would not much exceed one-half cent per pound, thus:

PERMANENT MARKET.

Domestic extract, 25 per cent tannin, at 1.30 cents per pound, equals 5.2 cents per pound of tannin.

Quebracho extract, 65 per cent tannin, at 3 cents per pound, equals 4.6 cents per pound of tannin.

HIGHEST POSSIBLE UNDER PROPOSED TARIFF.

Domestic extract, 25 per cent tannin, at 1.65 cents per pound, equals 6.6 cents per pound of tannin.

Quebracho extract, 65 per cent tannin, at 4.25 cents per pound, equals 6.55 cents per pound of tannin.

	Cents.
Tannin at highest possible cost to tanner per pound of leather under proposed tariff	2.62
At present cost	2.08
Increase	.54

When it is considered that the value of the hide in a pound of leather is about eight times the value of the tanning material, it will be granted that the actual slight increase in the cost of tanning material would be a negligible factor, especially as all tanners would be on the same basis. So far as the consumer is concerned, we can only say that even if a pair of average soles did take a pound of leather the increased cost due to the tariff would not much exceed one-half cent on a pair of shoes.

Paragraph 11 of our brief we desire to repeat:

That neither capital nor the application of modern science has enabled us to overcome the conditions imposed by foreign competition; that unless the principle of protection is applied to this industry, those engaged in it will be forced out of business.

In our foregoing verification of paragraphs 3, 4, and 5, we have clearly shown the past and present conditions surrounding the industry of manufacturing domestic chestnut extract, and from a study of such conditions we do not derive any encouragement for the future unless the requested duty upon imported tanning extracts is made effective. Without the intervention of the requested duty we see no possibility of continuing our business even on its present rate of output, without considering whatever call may come in the future from the domestic tanning industry for an increased production. At this time the business is without profit, and should it so continue there

will be a gradual abandonment of existing plants, a number of which are of very substantial construction and represent investment which it will be impossible to divert to other uses.

GEORGE A. KERR,
WM. P. STINE,
Committee.

(Representing Brevard Tannin Co., Pisgah Forest, N. C.; J. M. Heald & Co., Lynchburg, Va.; Juniata Extract Co., Mount Union, Pa.; Smethport Extract Co., Damascus, Va.; Southern Extract Co., Knoxville, Tenn.; Tanners and Dyers Extract Co., Charleston, W. Va.; Tellico Extract Co., Tellico Plains, Tenn.; The Champion Fibre Co., Canton, N. C.; Cherokee Tanning Extract Co., Andrews, N. C.; Excelsior Extract Co., Harrisonburg, Va.; Basic Extract Co., Basic City, Va.)

The CHAIRMAN. I would like to ask you a few questions and see if we can not get at the facts. I understand your works are located on a railroad some little distance from where you get the wood. How many miles is it?

Mr. KERR. The works are located in different parts of the South. There are works in three or four States in the South.

The CHAIRMAN. Where are your particular works?

Mr. KERR. In Lynchburg, where we have three trunk lines of railroads.

The CHAIRMAN. How far do you have to haul the wood on the railroad?

Mr. KERR. From 10 to 40 miles.

The CHAIRMAN. How much will the freight cost per car?

Mr. KERR. It averages about $1.

The CHAIRMAN. In addition to that, you have to haul the wood to the railroad, all the way from 1 to 5 miles?

Mr. KERR. That is correct.

The CHAIRMAN. And that costs you how much a car?

Mr. KERR. Anywhere from $2 to $2.50 a car.

The CHAIRMAN. In the Argentine Republic the Germans have gone in there and built their works out in the woods, haven't they?

Mr. KERR. Yes, sir.

The CHAIRMAN. And they avoid that haul? They not only get the cheaper labor, but they avoid such a haul.

Mr. KERR. Yes. They only build temporary works, and as they cut the wood they move them up through the woods.

The CHAIRMAN. That would look to me like a sensible proposition, to build temporary works; and the quebracho wood from which they make the extract is a good deal cheaper than the chestnut?

Mr. KERR. On the basis of its tannin contents it is cheaper.

The CHAIRMAN. Isn't it cheaper in the tree?

Mr. KERR. I am not prepared to answer that; I do not know about that.

The CHAIRMAN. You do not know about that. You did say that the labor was cheaper for cutting it?

Mr. KERR. Yes, sir.

The CHAIRMAN. And all the labor they use there is cheaper?

Mr. KERR. Yes, sir.

The CHAIRMAN. Suppose we should remove the duty from the quebracho wood, and you should see fit to put up an extract works somewhere on the seacoast, where you can get your wood all the way by water from the Argentine Republic, would not it be a better proposition than to try to make it out of chestnut?

Mr. KERR. No, sir. I suppose the increase in cost of bringing the quebracho logs to the American seaboard would about offset the difference in cost. Besides, we are established in business.

The CHAIRMAN. There are people who do make tanning extract from the quebracho in the United States and pay the duty on the wood.

Mr. KERR. There is no duty on the wood. The wood is free.

The CHAIRMAN. I have not looked that up, but I will take your word for it. There are people who are making it out of quebracho wood in the United States.

Mr. KERR. Yes, sir.

The CHAIRMAN. And they are rivals in your business. Then there is a large quantity manufactured out of hemlock bark in the United States.

Mr. KERR. Hemlock extract is scarcely any longer a staple. There is some made, but is so insignificant in quantity it does not amount to a staple.

The CHAIRMAN. Chestnut is the principal wood used.

Mr. KERR. That is the staple.

The CHAIRMAN. And after you have been to all this expense, the product of the Argentine Republic has more intrinsic value than yours?

Mr. KERR. Not per unit of tannin. Not on the same tanning basis.

The CHAIRMAN. But it is worth more than your own per pound?

Mr. KERR. They are selling it for less. That is our trouble.

The CHAIRMAN. Your extract is worth 5.2 cents per pound of tannin, and theirs 4.6 cents?

Mr. KERR. Yes, sir.

The CHAIRMAN. So yours is worth a little more than theirs on the tanning basis?

Mr. KERR. That is what I say. We can not compete with them. They can sell at 4.6 cents and make a profit, and we are running without profit.

The CHAIRMAN. How long have you been in this business?

Mr. KERR. All my life; since I came out of college.

The CHAIRMAN. It was a pretty fair business up to 1897?

Mr. KERR. Up to 1897, yes; always was. I am associated with an old-established business which was profitable up to that time.

The CHAIRMAN. Was it good business up to 1897?

Mr. KERR. Yes, sir.

The CHAIRMAN. And the troubles have come on since the panic?

Mr. KERR. Oh; no, sir.

The CHAIRMAN. The panic occurred in 1897—1907. I misspoke myself there.

Mr. KERR. You are getting a little beyond my times.

The CHAIRMAN. You were born before 1907?

Mr. KERR. Oh; I shall have to revise that.

The CHAIRMAN. Nineteen hundred and seven was good business.

Mr. KERR. No, sir.

The CHAIRMAN. How long since it has been a bad business?

Mr. KERR. Nineteen hundred and four was the last profitable year that we had.

The CHAIRMAN. You have kept on working all the time?

Mr. KERR. Hoping for the best.

The CHAIRMAN. Have you lost any money?

Mr. KERR. Yes, sir.

The CHAIRMAN. How much?

Mr. KERR. I am afraid I might hurt my credit—I can not answer that exactly.

The CHAIRMAN. Have you got your living out of it?

Mr. KERR. I have been drawing a salary.

The CHAIRMAN. You do not know whether your people have made or lost money?

Mr. KERR. Yes; I know we have not made any money. I am a member of the firm. All I have had out of it has been a living salary.

The CHAIRMAN. You have not had to put up any money to run it?

Mr. KERR. Oh, yes, sir.

The CHAIRMAN. More than you had before? Have you put in any money to keep the concern going?

Mr. KERR. I was a member of the firm and have had to put up my share of it. In order to try and meet this competition we doubled our capacity about three years ago, in order to try and cut down our costs, which is the natural way.

The CHAIRMAN. What year was it that the business took a bad turn?

Mr. KERR. About 1904.

The CHAIRMAN. The importations jumped up to 60,000 pounds, back to 28,000 the next year; in 1896, 399,000; and in 1907, 289,000; and the duty is equivalent to about 35 per cent on an average. Before that the ad valorem was a good deal smaller.

Mr. KERR. That was because the price was higher.

The CHAIRMAN. That was when you were living and doing business.

Mr. KERR. You see, the quebracho man had to pull his price down and that increased his ad valorem.

The CHAIRMAN. The fact of it is, the Germans gave gone at it as a business proposition, have put up temporary works out where the wood is, and you have stayed in town, hauling your wood to you, and it costs you $4 or $5 a car for your raw material; isn't that the fact?

Mr. KERR. No, sir. I am speaking here to-night for 12 extract plants, which are located anywhere from the city to the woods.

The CHAIRMAN. I would like to see one that is located out in the woods.

Mr. KERR. There is one at Tellico, Tenn., and you can find one in the woods of Damascus, Va., and there is another one located in the heart of the woods.

The CHAIRMAN. They must have an immense advantage over you?

Mr. KERR. No, sir; they do not.

Mr. CLARK. If it was such a great advantage to those fellows down in South America to have their plants out in the woods, why isn't it just as great an advantage to the men at Damascus and down there in Tennessee? What is the difference between the man in Virginia and the man in South America?

Mr. Kerr. There are a good many reasons. Labor is scarce and hard to get in the mountains.

Mr. Clark. But that is the best labor in the world.

Mr. Kerr. I have not found it so.

Mr. Clark. You explained to the chairman that these South American manufacturers had a vast advantage, because they had a factory practically on wheels, and rolled it around through the woods, and that gave them a great advantage. Why would it not give these other men here at home an advantage, and why do you not put your factory on wheels?

Mr. Kerr. Because the conditions are entirely different. There is no comparison between the physical conditions or any other conditions.

Mr. Clark. I want to ask you about your table you filed here. It begins at the bottom with $1 and at the present time it is $4.50. Is that the price of the wood?

Mr. Kerr. Yes, sir.

Mr. Clark. Was not the price when you began this business $1?

Mr. Kerr. No, sir.

Mr. Clark. What is it that has put up the price of the wood?

Mr. Kerr. The increased cost of labor.

Mr. Clark. The men get 70 cents a cord for cutting and splitting it now?

Mr. Kerr. Yes, sir.

Mr. Clark. Did a man ever get less than 70 cents a cord for cutting and splitting cord wood?

Mr. Kerr. Yes, sir.

Mr. Clark. That was the price of it when I used to cut it when I was a boy. I have got 75 cents many a time for cutting cord wood and stacking it up.

Mr. Kerr. I have got it cut for 40 cents.

Mr. Gaines. This was a prosperous business, as I understand, up to the year 1904?

Mr. Kerr. Yes, sir.

Mr. Gaines. And then the quebracho extract came along and invaded the market at a cheaper price, and you undertook to hold your own and manufacture chestnut extract, and to do that you increased your plant and your investment?

Mr. Kerr. Yes, sir.

Mr. Gaines. How much was your investment before 1904? I happen to know something about this sort of a mill down in Charleston. How much did you have invested in 1904?

Mr. Kerr. About $250,000 to $300,000.

Mr. Gaines. Is it that sort of a plant that can be rolled around in the woods on wheels?

Mr. Kerr. No, sir; it is a permanent brick plant.

Mr. Gaines. It requires an expensive investment on plant to manufacture successfully and profitably chestnut extract?

Mr. Kerr. We have now about three-quarters of a million dollars in our business.

Mr. Gaines. That is since you doubled it.

Mr. Kerr. Yes, sir.

Mr. Gaines. You have been asked about putting it in the woods. Do you know of any place in the woods where there is enough chestnut to supply such a plant as is necessary, or was necessary in 1904.

in order to produce the stuff as cheaply as it was then produced and sold; where there was enough wood to supply a plant of that kind?

Mr. KERR. No, sir.

The CHAIRMAN. What do these people do that have their plants out in the woods?

Mr. KERR. The quebracho people?

Mr. GAINES. No; you said some place at Damascus.

Mr. KERR. Their plants were established about four years ago, and to-day they are no better off than I am. They have to haul the wood nearly as far as I have. They cut all the wood around it.

Mr. GAINES. In many places they haul the wood to these mills on the railroad much farther than you do at your place?

Mr. KERR. Oh, yes.

Mr. GAINES. In the Southern States, where these mills are largely located, and on the Appalachian Range the chestnut grows on smooth or rough country?

Mr. KERR. It is a well-known fact that chestnut does not begin to grow well until you get to an altitude of 2,000 feet and up to 5,000 feet. And everyone knows that you can not get up on the Appalachian Range to an altitude of 2,000 feet before you get into a mountainous country.

Mr. GAINES. Then the topographical fact has to do with the fact of hauling to the railroad?

Mr. KERR. Yes; entirely.

Mr. GAINES. How many of these plants making chestnut extract are there now that were there in 1904?

Mr. KERR. In 1904, counting the new plants put up during that year, there was a large increase—about 12 or 14.

Mr. GAINES. How much was there invested in them about?

Mr. KERR. About $3,000,000.

Mr. GAINES. Those plants furnished a market for a whole lot of timber that otherwise would be waste timber?

Mr. KERR. It consists almost entirely of waste timber that is not fit for anything else.

Mr. GAINES. Chestnut is a timber that is of rapid maturity?

Mr. KERR. Yes; very rapid.

Mr. GAINES. Rapidly replaces itself when cut down?

Mr. KERR. Yes, sir.

Mr. GAINES. And decays after it reaches maturity?

Mr. KERR. Yes; the heart rots.

Mr. GAINES. In addition to the chestnut that you cut down, you use also down chestnut, old and rotten?

Mr. KERR. Yes, sir.

Mr. GAINES. So that in that way your industries furnish a market for a very great deal of material owned very largely by people in moderate circumstances, and the timber is situated on not very good lands, which timber otherwise would have been of no use to them. Is not that true?

Mr. KERR. That is absolutely true.

Mr. GAINES. I know it is in West Virginia.

Mr. KERR. That is absolutely the situation.

Mr. GAINES. Have you made any calculation as to the increased cost that this tariff that you ask for would amount to on a shoe?

Mr. KERR. Yes; I can demonstrate that.

Mr. Gaines. Please do that.

Mr. Kerr. I have here three pairs of shoes. Those shoes were bought in Washington to-day, and are not got up especially for the occasion. First, we have a standard lady's shoe; this is a Regal shoe, made by the Regal Shoe Company. We bought it here and paid $5 for it. We cut the sole off and weighed it. This pair of soles, including the heel and inner sole, to say nothing of the stitching and pegs, weighs 14 ounces. Each sole weighs 7 ounces. The tanning contents are usually 40 per cent of the weight of the sole leather. This sole leather contains 40 per cent of tannin, varying up or down 1 or 2 per cent. Therefore in this pair of soles there is 0.35, or a little over one-third of a pound of tannin. Under the present price of chestnut extract the tannin unit of a pair of shoes costs 1.82 cents. Under the proposed tariff, or the tariff we ask for, it would cost 2.3 cents, making an increase of 0.40 cents in the cost of a pair of shoes to the ultimate consumer, who is the wearer.

Here is a No. 8½ shoe. This is also a Regal shoe, costing $3.50. We used the whole sole. There is a cork cushion in here, with the stitching, heel, and other things. This pair of soles weighs 20 ounces. The tannin amounts to one-half of a pound in the sole. Under the existing conditions, the cost per pair of shoes is 2.6 cents. Under the proposed or prospective tariff, the difference will be seven-tenths of a cent increased cost. Here is the mate to this shoe. Here is a pair of brogans, and the weight of the sole leather in the brogans is much greater than in the other. This pair of shoes cost $1.50. The weight of the soles, with the iron plates and the heels, and so forth—the inner sole—is 28 ounces. The tannin contained in them is seven-tenths of a pound, which at 5.2 per unit is 3.64 cents under the present conditions. Under the proposed conditions the cost would be 4.62 cents, and the total increase in cost for tanning material will be 0.98 of a cent. So that the increase in the cost of a pair of shoes such as this is 1 cent per pair under the tariff we are asking.

Mr. Clark. Do you know how much it costs the American people?

Mr. Kerr. I do not know.

Mr. Clark. It would cost them, at the rate of two pairs of shoes a year, $1,600,000 additional for shoes.

Mr. Crumpacker. How much tannin is there manufactured in this country per year, in pounds or in value?

Mr. Kerr. The total value in 1907 was $4,687,000.

Mr. Crumpacker. The total value of the domestic production?

Mr. Kerr. Yes, sir.

Mr. Crumpacker. How much imported?

Mr. Kerr. In 1907 there were 40,000 tons of quebracho extract. You would have to multiply that by two and a half million dollars.

Mr. Randell. You think this tariff, increased as you ask it, would stimulate the business here considerably?

Mr. Kerr. Yes, sir.

Mr. Randell. The supply of chestnut is fast giving out?

Mr. Kerr. No, sir; it is growing faster now than we are cutting it.

Mr. Randell. Isn't it of very slow growth?

Mr. Kerr. Very rapid growth.

Mr. Randell. Chestnut is?

Mr. Kerr. Extremely.

Mr. Clark. Does it reproduce itself?

Mr. KERR. Yes; in twenty-five years. I have the best authority for that, and my own experience besides. Chestnut timber will reproduce a second growth equal to the virgin cut, if not more, in twenty-five years after the virgin has been cut. We have a demonstration of that continually by seeing it growing.

Mr. CLARK. You do not make $1,600,000 a year out of this business?

Mr. KERR. We have not been making $1,000 out of it.

Mr. RANDELL. You do not mean to say these big chestnut trees like they have in north Georgia grow in twenty-five years?

Mr. KERR. No, sir. That is not necessary.

Mr. RANDELL. It will take two or three hundred years.

Mr. KERR. Eighteen years is a very matured chestnut tree.

STATEMENT OF CHARLES S. STEVENS, OF QUINEBAUG, CONN., AND WEBSTER, MASS.

Mr. STEVENS. Mr. Chairman, as the hour is late, with your permission I will file this little brief, and if you wish I will be glad to come over and testify at any time.

The CHAIRMAN. You may file it.

Mr. STEVENS. I desire to occupy but a few moments of the committee's valuable time in calling attention to some incongruities which crept into Schedule K of the present tariff at the time it was framed and which have been more and more accentuated each year. I need not tell you that year by year the fabrics manufactured from wool by the process of worsted spinning have become the accepted fabric for men's and women's wear by the wealthy and well-to-do class, leaving the woolen mills as distinguished from the worsted mills the task of making a serviceable, cheaper fabric for use of the mass of the people. The supply of fleece wool has been more and more absorbed each year by the worsted mill, as above stated, leaving to the woolen mill as their only supply of raw material the by-products of worsted spinning and weaving, together with the various fibers known as "wool substitutes," together with offgrade wools unfit for combing.

Chief among these by-products are noils and spinner's waste, so called, which, with other substitutes, carry under the present tariff so high rate of duty, varying from 80 to 500 per cent, and meaning to the worsted spinner so large a profit as a by-product, as to materially cheapen the clothing of the rich and consequently enhancing the cost of clothing to the less fortunate citizens of our country. As the avowed purpose of protection is to benefit the American working people, I assume with boldness that your first purpose in revising a tariff will be to increase the revenue, while bringing relief to working citizens.

The present tariff imposes a duty on:

	Cents per pound.
Top waste	30
Noils	20
Shoddy	25
Thread or spinner's waste	20
Woolen rags	10

These articles must of necessity, in combination with cotton, and notwithstanding the stigma that attaches to the names under which some of these articles are known to commerce, still remain the raw material from which the woolen clothing for the workingmen and

his family must be manufactured. They are all by-products of other processes which can never be cast aside, because of their worth, and will inevitably be combined to produce the best possible product and sold at a price within the reach of all.

The old argument that high duty on by-products will prevent their use is proved fallacious, because the higher the price of wool the more of the cheaper substitutes must be used to bring the price of the cheaper fabric within reach of those of small resource.

At the present prohibitive rate of tariff no revenue is derived from imports of these articles, while under a lower rate of duty the revenue would be increased and the clothing of the poor improved, while furnishing employment to many woolen mills now standing idle.

My suggestion is that in place of the present specific duty on all these by-products, you should substitute an ad valorem duty of 10 per cent, and then, if you deem it wise, reduce the tariff correspondingly upon the goods manufactured from these articles.

A judicious treatment, which I am confident you will give this subject, would work injustice to no one, while it would benefit a great multitude by giving to the woolen machinery of the country a free hand in combining fibers to produce a good fabric, affording them an equal or better degree of protection, even if percentages of tariff are materially less than a prohibitive rate per cent.

With the most profound confidence that your purpose and skill in framing this new law will result in the greatest good to the greatest number of our fellow-countrymen, I submit this brief, hoping its contents may be of some slight service to this committee.

STATEMENT OF W. W. LUKENS, OF PHILADELPHIA.

Mr. LUKENS. Mr. Chairman, I am a voluntary witness.

(The witness was here sworn by the chairman.)

Mr. LUKENS. I represent the Allan Wood, Iron, and Steel Company. Our works are in the Schuylkill Valley. We are independent manufacturers of basic open-hearth steel billets, bloom and slabs for rerolling and forging, light plates, and sheets. Our markets are the Atlantic seaboard, where we have a small geographical protection against the competition of Pittsburg and other mills to the west of us, and our other market is the Pacific coast, where we are about on an even basis with all other manufacturers because the freight rate from our works to all Pacific coast points is the same as from Pittsburg. It is not necessary for me to tell you, I know, anything about geographical protection, and you must know that we are having more or less of a struggle to keep going. But we are keeping going, and we have been going for a great many years, and the point I want you to consider in what I am going to say is that we are independent, and we are furnishing a good, strenuous, honest competition in the lines that we manufacture, in the territories that we can enter in this country, and of course you can easily see that, situated as we are, with somewhat higher costs on account of our less favorable location with regard to supplies of ore, coke, and coal, unable to enter the enormous consuming territory between the Allegheny Mountains and the Rocky Mountains, on account of rates which are almost prohibitive, and as to the seaboard, we are practically at the seaboard, the tariff, if it is cut too much, is going to hurt us a great deal. You

see we would be the first people to be hit by it. And we have been down here listening to the arguments you have been having, and, if you will excuse a small reference to politics, because we voted for tariff revision, we have come to the conclusion that we ought to come down here and tell you how much of a reduction we can stand from the duties that are now in effect and still keep going without the calamity that we sometimes hear will take place if there is any reduction at all, and without cutting the throats of our workmen.

We have tried to figure it out on some logical basis. If we recommend, which I am going to do, a reduction in the duties on the products that we sell, we want some recognition on the raw material question. That is a very serious one with us. The ore question in eastern Pennsylvania is in pretty bad shape. The ore supplies of the country are "pretty well corralled," to use a western expression, and the result is that the eastern merchant pig-iron furnaces, from whom we buy our supply of raw material, so far as pig iron constitutes it, are forced to ask us at times pretty high prices, rather higher prices than we ought to pay. We think, while we are not directly interested in ore, we have reasoned back to ore in order to establish a reduction on our own duties. We think that you ought to give us free ore in eastern Pennsylvania, and I think when I say that that I represent—let me say I do not represent anyone but my own company officially, but I think we are a representative concern. We think you ought to give us free ore.

Now, in round figures, it takes two tons of ore to make one ton of pig iron; therefore it seems logical to us that the duty on pig iron should be reduced $1 a ton, if you give us that free ore, and I do not believe, from the investigations I have made, that there would be more than enough importations of pig iron on that basis to supply the runaway markets, and it seems to me that the condition produced would be a desirable one rather than an undersirable one, so far as the eastern pig-iron market is concerned. I do not want to bear on that too much, because we do not make pig iron. I am only going through this to show how I arrive at my final conclusions.

The other ingredient in a ton of open-hearth steel billets is scrap, and that is one of the things that I want to bring to your attention quite strongly. It is now in the same paragraph with and I think in the same class with pig iron, at $4 a ton. It seems to me if you want to reduce the tariff, and if you want to work it out on a revenue basis, you have got the best kind of a chance there you could possibly have. I have talked with users of scrap, I have talked with producers of scrap, and I have talked with brokers who handle scrap, and I believe those are all the sorts of people who are interested in it, and the only argument I have heard brought up in answer to my recommendation that the duty on scrap be very largely reduced is the fact that it will take the place of pig iron. Now, that might be true in some lines in which we are not interested; for instance, bar iron. I do not know very much about the making of bar iron because we do not make it, but I understand that they do take raw iron scrap, with possibly a mixture of pig iron, and make iron bars, so that I am not prepared to say it would not interfere with the pig-iron people to have a heavy reduction on that in some ways, but it certainly would not interfere with anybody, and it would not do anybody, any laborer, or anyone else in this country any harm to put scrap for remelting in open-hearth furnaces on the free list if you

want to, and if you want revenue, make the duty 50 cents a ton, and I will guarantee you will get some revenue.

Now, we need that scrap; there is a shortage of it. If there is not a shortage of it the supply can be bought up and laid down on some vacant lot until the man or men who buy it choose to offer it for sale; and the lines of the scrap market are like this, they corner it and it goes skyrocketing up, and it goes up too much, and the market breaks and down it goes with a sickening thud, and we are all topsy-turvy all the time in our cost sheets and the prices we can sell at on account of the raggedness of the market. Scrap is not manufactured. It is a by-product. It is the result of waste and wear. If you find any man who says "I make scrap; I make bars and chop off part of the ends and they are scrap," my answer to that is, probably he is paying some one a good, big salary to keep down the quantity of scrap he makes, so that I do not think it is quite fair for a man of that kind to say that he manufactures scrap. What he is doing is trying not to manufacture it.

I want to call your attention to one more point in connection with that, and then I will hurry on. That is the change in the Bessemer steel situation as compared with the open hearth. That has already been gone into very fully, I think, by Mr. Schwab, who, as the papers said, has sounded the death knell of Bessemer steel. That is quite evident in some figures from the statement of Mr. Schank, of the American Iron and Steel. In the ten years from 1897 to 1907 there was an increase in the production of Bessemer steel in this country of 113 per cent, but the percentage of increase in the production of open-hearth steel was 873 per cent. Now, if you will stop and think that the Bessemer furnaces make scrap, and the open-hearth furnaces use it, you can see that every year, as the Bessemer has lost ground and the open hearth has gained, the proportion of scrap per open-hearth furnace has been steadily going down, and the actual increase in the use of scrap, assuming you use half pig and half scrap, in those four years was 4,000,000. You see it runs in big figures.

Now, I can not see the slightest objection to reducing the duty to 50 cents a ton.

Mr. UNDERWOOD. If scrap was on the free list, where would it come from in this country?

Mr. LUKENS. That is a pretty difficult question to answer, because we really never tried it. And it is such a queer thing; you can not lay your hand on it. It is not as if you could go and see the plant where it is made. But in a general way we would get it from Cuba and the West Indies. Some of that, or a good deal of it rather, can not be——

The CHAIRMAN. There was 2,000 tons that came in—where does that come form?

Mr. LUKENS. I bought some last year. I do not know of any this year.

Mr. DALZELL. Where do you get your scrap?

Mr. LUKENS. We buy it usually from brokers, and occasionally we buy from, perhaps, customers of ours who have a fairly large output, enough to make it worth while.

Mr. DALZELL. What is the average price of it?

Mr. LUKENS. I do not know, I am sorry to say. It has been this year as low as $13.25 in eastern Pennsylvania, and nobody knows the price of it just now, but it is somewhere between $17 and $18.

Mr. Dalzell. It is along about parallel with the price of pig iron.

Mr. Lukens. No; it has no relation to the price of pig iron, except as regards its value in the open-hearth furnaces. There it has a value. But you can not compare it with anything, for the simple reason it is not manufactured. You throw away an old saucepan, and nobody knows when the cook is going to burn the bottom out of another one, so you can not estimate the supply. It is more or less visible; people buy it up.

Mr. Dalzell. I suppose you use Cuban ores?

Mr. Lukens. We are not large users of ore. We buy a little bit, but we have no blast furnace. We have our pig iron and our scrap and make our steel billets out of that. We are in the same position as a good many other steel makers in eastern Pennsylvania, and one reason we do not rush into the blast-furnace business is the ore question. It is not worth while to build a blast furnace unless you have an ore supply. We have looked into the Cuban ore proposition to some extent, and that has not been worked out, but I think it would help us very much to take the duty off.

Mr. Dalzell. Suppose you take the duty off ore and put the pig iron at $3 per ton, how much can you stand?

Mr. Lukens. With scrap at 50 cents?

Mr. Dalzell. With scrap at 50 cents.

Mr. Lukens. Two dollars from billets, because, as I said, it takes half a ton of pig iron to a ton of steel, so that makes 50 cents on billets. If you take $3.50 from the present duty on scrap, I do not think you ought to count more than $1.50 as a corresponding reduction on billets, because we would not get the whole benefit of the reduction of the duty. But I am perfectly willing to concede $1.50.

The Chairman. How much reduction can you stand if we do not take anything off of ore, pig iron, or scrap?

Mr. Lukens. Then, I think, in view of our position and the cheerful competition that we are putting up against peculiar conditions, you ought to let us alone.

The Chairman. There is a question I want to ask you. You manufacture open-hearth steel. The tariff law has contained an item of $12 a ton on charcoal iron made in Sweden and Norway. It has been there a great many years, and there has not been much said about it, but I understand open-hearth steel takes the place of it now. It used to be used largely in the manufacture of scythes and wagon irons and things of that kind, where now they use open-hearth steel. Do you know of any occasion to keep that high duty on charcoal iron?

Mr. Lukens. No. I think that is another chance to make a little money by the Government or else reduce the price of that product.

The Chairman. There is hardly any of it imported.

Mr. Lukens. It is no wonder, because it is so high in price no sane American would use it.

The Chairman. What do you think would be a fair duty on charcoal iron?

Mr. Lukens. I had not thought of that until this evening, and I do not know that I would like to say offhand.

The Chairman. I wish you would look into that and let me know. I have a constituent at home that asks me why they keep that duty on.

Mr. Lukens. There is not any other place in the world where you can go and get the same iron. It can not be made here, and so far

as I can see there is no reason for keeping anything but a nominal duty on it, and I really believe if you make that duty very considerably lower—we have always been in that business, and it has been dying slowly, and I believe that we can revive it.

The CHAIRMAN. Is there any reason why it should be higher in price than open-hearth steel?

Mr. LUKENS. No; not the least reason, because the iron is not produced anywhere else.

Mr. GAINES. What is it used for?

Mr. LUKENS. It is used for any purpose where it is put to severe bending tests, or matters of that kind.

Mr. GAINES. What does it compete with?

Mr. LUKENS. I should say open-hearth steel, in a way, but not entirely. There are a lot of people who would like to buy that to-day, but we do not. They take the next best thing, because it is so very much cheaper. I think if you could give it to them for $10 or $12 a ton less they would buy a good deal more, and we would be glad to make it for them.

The CHAIRMAN. Are there any further questions?

Mr. LUKENS. We make sheets, and we are ready to stand something on sheets if you will give us what we want on raw materials.

Mr. DALZELL. Have you got a schedule made out that you can leave with us?

Mr. LUKENS. I can send it.

Mr. DALZELL. How much reduction can you stand?

Mr. LUKENS. One-tenth of a cent per pound; $2 per ton.

The CHAIRMAN. You are referring to paragraph 133?

Mr. LUKENS. No; paragraph 131.

Mr. CLARK. Do you want to cut all along the line, beginning with yourself, and so on down, or you do not want any change?

Mr. LUKENS. I have tried to make it plain, but that is not it. If you will give us free ore and make the reduction on scrap that we ask for—I have given you almost the full difference that it might make on a ton of steel billets—I have given it all at 25 cents——

Mr. CLARK. I say, your proposition is to begin the cut with you, or to begin at the other end. It does not make any difference where you begin; but if you begin with yourself, go to the bottom, or else let it alone.

Mr. LUKENS. Oh, I think that is fair. Don't you?

Mr. CLARK. I suppose it is, but I am not very expert on making an accumulative tariff.

The CHAIRMAN. Have you come in competition with that Alabama output, when you go over to California?

Mr. LUKENS. Not to a very great extent.

The CHAIRMAN. We have been told about iron pipe that they compete on. Now, they make open-hearth steel, I am told. Do you not have more severe competitions from them than from anybody else?

Mr. LUKENS. Do you mean from Alabama?

The CHAIRMAN. From the Alabama product.

Mr. LUKENS. I do not think we do; no. Their freights are so high we are protected there.

(Thereupon, at 10.40 o'clock p. m., the committee adjourned until Saturday, December 19, 1908, at 9.30 o'clock a. m.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman*.

JOHN DALZELL.
SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.
NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. POU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

TARIFF HEARINGS.

COMMITTEE ON WAYS AND MEANS,
Saturday, December 19, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

ADDITIONAL STATEMENT OF MR. H. H. TIFT, OF TIFTON, GA.

Mr. TIFT. Mr. Chairman, I am here in response to your invitation to appear before this committee, and I am here, sirs, at your service.

The CHAIRMAN. One of the members of the committee asked to have you invited to come here on the subject of lumber, or timber, or both.

Mr. BOUTELL. Judge Griggs, of Georgia, gave his name to the committee.

The CHAIRMAN. And Judge Griggs seems to be out of town.

Mr. TIFT. I regret very much that the judge is not here this morning, for I was in hopes of meeting him here.

The CHAIRMAN. The question is whether the duty should be kept upon lumber. I do not know which side of that proposition you are on, but——

Mr. TIFT. I am in favor of maintaining the present duty on lumber.

The CHAIRMAN. The committee would like to hear from you any facts or argument you have in behalf of that proposition.

Mr. TIFT. As you will remember, I appeared before the committee on November 20 and gave my testimony upon this same question. I can state briefly what it was, although possibly it will be a repetition of some things I said at that time.

The CHAIRMAN. I am very sorry that Mr. Griggs is not here to question you.

Mr. CRUMPACKER. There is one thing that I think Mr. Griggs suggested in connection with summoning Mr. Tift, and that is as to the timber lands being owned by large corporations—the extent to which corporations have bought up timber lands and own them.

Mr. TIFT. In regard to that matter, in the State of Georgia there are no very large bodies of timber owned by corporations. The yellow pine section of Georgia is owned very largely by individual owners.

Mr. CRUMPACKER. What do you mean by "large bodies;" that is a relative term?

Mr. TIFT. I will endeavor to explain. I think there are very few tracts to exceed, say, 50,000 acres that are owned by any one individual or corporation. I have not in mind just now any particular tract larger than that owned by any one corporation.

Mr. CRUMPACKER. You are a member of several corporations, are you?

Mr. Tift. Lumber corporations?

Mr. Crumpacker. Lumber corporations.

Mr. Tift. Only two or three, sir. I am a member of the Dowling Lumber Company, a corporation of Florida, and I am a member of the Adel Lumber Company, a small corporation in Georgia. They have small holdings; a small mill site; and I am also a member of the Ensign-Oskamp Company.

Mr. Crumpacker. How much land or timber do the corporations that you are a member of own?

Mr. Tift. The Dowling Lumber Company, which is a Florida corporation, owns about 200,000 acres of timber. The situation in Florida is different from the situation in Georgia. There are more large holdings of timber in Florida by corporations.

Mr. Crumpacker. Is it true that the corporations own the bulk of the timber in Florida?

Mr. Tift. I think that is true to a pretty large extent, sir. The Consolidated Naval Stores Company, at Jacksonville, have large holdings of timber.

Mr. Crumpacker. Now, as to the other corporations in which you are interested; how much land do they own?

Mr. Tift. The larger corporations?

Mr. Crumpacker. Yes.

Mr. Tift. The Adel Lumber Company is one of the corporations. I stated that that is a small corporation, and they own something like 10,000 acres of timber.

Mr. Crumpacker. And the other one?

Mr. Tift. That one is going out of business.

Mr. Crumpacker. What is the fact as to corporations organized in Northern States and having large timber interests in Georgia and other Southern States?

Mr. Tift. I recall only one northern corporation in Georgia, and that is a corporation that has been organized recently that owns the swamp down at Way Cross—the Hebbard interests, I think.

Mr. Crumpacker. How large a tract does that corporation own?

Mr. Tift. I think it is a large tract, but I could not give you the exact acreage. They own the whole of the Okefenoke Swamp.

Mr. Crumpacker. Can you approximate the extent of their holdings there?

Mr. Tift. No, sir. I ought to know what is in that swamp, but I do not.

Mr. Crumpacker. Would it go up into the hundreds of thousands of acres?

Mr. Tift. I think it would cover 100,000 acres.

Mr. Crumpacker. Then, individuals have been buying large tracts there in recent years, have they not?

Mr. Tift. Do you mean in Georgia?

Mr. Crumpacker. Yes.

Mr. Tift. I do not think it is a rule in Georgia. I think few large tracts are owned by individuals.

Mr. Crumpacker. It is still in the hands of small owners to a large extent?

Mr. Tift. Yes, sir. The Georgia timber has been pretty largely cut over. They have been lumbering in Georgia for forty years. I have been lumbering in Georgia myself for thirty-six years.

Mr. CRUMPACKER. You say that the land has been pretty well cut over. Is the supply nearly exhausted in Georgia?

Mr. TIFT. What I would call the virgin supply is pretty well exhausted; yes, sir.

Mr. CRUMPACKER. The good timber has been cut out?

Mr. TIFT. Largely; still there is a great deal of what we call "cut over" timber that will produce a large quantity of lumber for many years to come. But the virgin timber has been largely cut out.

Mr. CRUMPACKER. What kind of timber is it, yellow pine?

Mr. TIFT. Part of it is yellow pine, some spruce out near the coast.

Mr. CRUMPACKER. How long does it take yellow pine to grow to a merchantable size?

Mr. TIFT. Well, sir, it is a very slow growth. If you are going to plant a yellow-pine tree, I do not think it would become a tree, say, from 14 to 18 inches diameter at the trunk—I think it would take fifty years in the ordinary growth, although something might be done to accelerate it in some way.

Mr. CRUMPACKER. In what kind of soil does the pine grow; is it used for farming purposes?

Mr. TIFT. Yes, sir. Take the section that I am located in, that is Tifton, Ga., 130 miles from the coast. I think we have the finest farming section in that region in Georgia.

Mr. CRUMPACKER. Are they cleaning up the pine lands and converting it into farms?

Mr. TIFT. Yes, sir. For instance, when I went to what was then Marion County, now Tift County, thirty-six years ago, the whole country was a fine forest. There was not a town within 40 miles of Tifton, where I was located, though you would find a settlement occasionally—log houses 5 or 10 miles apart.

Mr. CRUMPACKER. Are you acquainted with conditions in North Carolina, generally?

Mr. TIFT. No, sir; only from what I hear on the outside. I have never been through that region.

Mr. CRUMPACKER. There is a good deal of timber in that State?

Mr. TIFT. Yes, sir; but I think the conditions in South Carolina are somewhat similar to Georgia.

Mr. CRUMPACKER. That is, the good timber has been largely cut off?

Mr. TIFT. That is my impression; I am quite sure that is correct.

Mr. CRUMPACKER. And that is also true of North Carolina?

Mr. TIFT. I think so; yes, sir.

Mr. CRUMPACKER. Where is the large and valuable timber in the South?

Mr. TIFT. Well, in the eastern section it is largely in Florida; that is, the virgin timber. You might say practically the whole area of the State of Florida is a timber section.

Mr. CRUMPACKER. And that is largely owned by big timber or lumber corporations?

Mr. TIFT. There are some large corporations, but I do not think there are more than, possibly, half a dozen to a dozen that own very large bodies; what I would call a large body, 100,000 acres, or more than that.

Mr. CRUMPACKER. There is considerable timber in Tennessee?

Mr. TIFT. I am not familiar with conditions in Tennessee.

Mr. CRUMPACKER. Are you familiar with conditions in Alabama?

Mr. TIFT. No, sir; except what I learn; I have never been through there.

Mr. CRUMPACKER. Are you familiar with Mississippi or Louisiana?

Mr. TIFT. I think there are large bodies of virgin timber in those States—more than in Georgia, but, perhaps, no more than in Florida.

Mr. CRUMPACKER. The timber land has gone up in value greatly in the last ten years in the South, has it not?

Mr. TIFT. Yes, sir.

The CHAIRMAN. And what you want of this duty is to keep up that value, is it not?

Mr. TIFT. Well, we want to keep the duty; one of the reasons is to protect the markets that we have.

The CHAIRMAN. Against what?

Mr. TIFT. Our principal competition would be the competition of the Canadian lumber.

The CHAIRMAN. How much Georgia pine do you export to Canada to-day?

Mr. TIFT. A very small amount. We ship some car sills and high-grade lumber to Canada.

The CHAIRMAN. I am told that quite a large amount is shipped to Canada. I am told that by a Canadian senator, from whom I expect to get some figures in a few days. I am told that quite a large amount of Georgia pine—not all coming from Georgia, but pine from the South—is shipped in there.

Mr. TIFT. I have shipped to Canada, myself, in the last six months, but it has only been a certain class of material.

The CHAIRMAN. You shipped it there because you could get bigger prices than elsewhere?

Mr. TIFT. No, sir; if you will let me explain——

The CHAIRMAN. Do you get as much?

Mr. TIFT. Yes; we get as much. The lumber shipped to Canada is largely railroad——

The CHAIRMAN. And still you want protection from the lumber of Canada?

Mr. TIFT. Yes, sir.

The CHAIRMAN. Although you are able to ship it that distance, and get as much for it as you do in the States?

Mr. TIFT. But, if you will permit me, I would like to explain why that condition exists to-day. The lumber we are shipping to Canada is only two or three classes of lumber—the railroad car sills, and car sidings, and car framing. I do not know any other class of lumber being shipped into Canada.

The CHAIRMAN. I am told that boards—side lumber—is shipped to Canada from the Georgia pine district.

Now, there is another question, although I do not know whether it bears very strongly on this question; I never thought it did in my endeavors to adjust the tariff; but it is a curious circumstance, and I would like to know why you people in the South are always here asking for the highest rates of duty, and yet all of the time voting for the lowest rates of duty. Can you explain that little inconsistency among your people?

Mr. TIFT. Mr. Chairman, for myself I want to say that I did not vote that way.

The CHAIRMAN. Well, I am glad to find one; but why is it that most of your people vote that way, and yet they come here and ask for the very highest protection? There is no section in the whole United States asking for as high protection as you people of the South, and why is it that you vote the other way?

Mr. TIFT. Mr. Chairman, the record shows that Mr. Taft got something over 40,000 votes in Georgia.

The CHAIRMAN. Forty thousand—well, he ought to have had an overwhelming majority, considering the number of your people who asking for protection.

Mr. TIFT. Mr. Chairman, there was no campaign made in Georgia for Mr. Taft, and it is my firm belief that if there had been and the people had been educated—we have to educate our people, you know——

Mr. CRUMPACKER. Mr. Tift, lumber has gone up in price materially in the last ten years, has it not?

Mr. TIFT. Well, it has; but in a sense it has not.

Mr. CRUMPACKER. It has gone up enormously in price; lumber is a good deal higher than it was ten years ago, and that principally because of the scarcity of the lumber, is it not—the cuting out of forests?

Mr. TIFT. In a way; yes, sir.

Mr. CRUMPACKER. The necessity of hauling it longer distances to the markets has largely caused it, and it never will be low again, will it? You never expect it to be lower, do you?

Mr. TIFT. Well, I want to say that in the fall of 1904 lumber was lower than it has been at any time within twenty-five years; it was lower than it was in the panic year.

Mr. CRUMPACKER. Now, if the tariff should be taken off of lumber, would it be cheaper in this country, do you think?

Mr. TIFT. Well, I don't know that it would. It is not a question of price altogether, but a question of markets.

Mr. CRUMPACKER. You do not know whether the removal of the tariff would lower the price?

Mr. TIFT. No, sir; that would be a question. I think it would be an open question.

Mr. CRUMPACKER. Then you would have the same market and substantially the same prices?

Mr. TIFT. No, sir. Where we fear that the taking off of the tariff would injure us in the South is that our market is very largely in New York, New England, Pennsylvania, New Jersey, and that section. The lumber goes into that territory very largely in sailing vessels from the ports of Brunswick, Savannah, Jacksonville, Fernandina, and those ports. When we get into the eastern markets we get into direct competition with the Canadian lumber, the spruce, and we fear that. Our problem is, as I stated when I was here the other day, to market our low-grade lumber. That is where the foreign competition affects us. We can market the high-grade lumber, and we do not fear the Canadian competition in high-grade lumber. But our problem is to market our low-grade lumber and to utilize everything in the tree. As I stated when I was here the other day, when I commenced lumbering, in 1872, we only got from 2,000 to 2,500 feet of lumber to the acre. We had no kilns, no planing mills, no lathe, or shingle mills. We simply took the best part of the tree and worked

the heart lumber out of it. The balance was left in the woods, to be burned and destroyed. That same acreage to-day, with the improvements in the market and methods of making lumber, will cut 10,000 feet of lumber to the acre. The effect of the marketing of the low-grade lumber is to prolong the life of the mills, conserve our forests, and make stumpage more valuable—make it to the interest of the owner to protect it—and it adds to the prosperity of our whole section. There are very large amounts of timber all over Georgia that is owned and held by the farmer.

The CHAIRMAN. Is labor cheaper in Georgia than in the Northern States?

Mr. TIFT. The negro labor is; yes, sir.

The CHAIRMAN. The labor that you have there is cheaper; wages are much less, are they not?

Mr. TIFT. Yes; negro labor, but as to white labor, I do not think there is very much difference. In our common labor we use negroes largely.

The CHAIRMAN. And the pay for that is less than the white labor?

Mr. TIFT. I think so. The pay for our negro labor ranges all the way from $1 to $2 a day. On that wage scale we furnish our men with houses without any rent, and with fuel.

The CHAIRMAN. About how high do you think the Georgia pine ought to go before you get to the point where you do not need protection?

Mr. TIFT. As I said just now, it is not a question of price, it is a question of markets. Of course, we have got to have a price that would give us a margin over and above our cost of manufacture.

The CHAIRMAN. How far do you think you ought to go in the way of denuding the forests of the South before you have sufficient margin in this country to get along without the protection of $2 a thousand on lumber?

Mr. TIFT. I want to say, in the matter of denuding the forests, that I stated the other day that we are up against the turpentine proposition. Practically all of the timber in Georgia has been boxed for turpentine. After it goes through that process it is subject to fires, and unless we can bring the value of that timber where our farmers and holders will protect it, it is going to be destroyed. It is being destroyed, millions of feet of it—millions of feet deadened and cut down by farmers every year.

The CHAIRMAN. The only competition that you know anything about, or feel in your business, is competition from what lumber there is left in the North, is it not?

Mr. TIFT. Now, I want to say that we have competition all around us. We have competition in Canada, Nova Scotia, and British Columbia. On the south we have competition in Mexico and British Honduras, and that competition is at our doors. It seems to me that if the principle of a tariff, either for revenue or protection, is to be considered, that the lumber industry certainly is in need of as much as any industry in this country, because our competition is at our doors; we are surrounded by it.

The CHAIRMAN. But in the face of all this competition, the value of stumpage has gone up in the past ten years how much?

Mr. TIFT. The value of stumpage has gone up considerably, sir.

The CHAIRMAN. Double?

Mr. TIFT. Yes, sir; in some sections it has doubled, and in some sections I think it has trebled.

The CHAIRMAN. And there is nothing to send that up excepting the question of supply and demand, is there?

Mr. TIFT. Well, sir, there are other questions that enter into that. There is a great deal of stumpage that is bought based upon future value, the gradual diminution of the forest supply, and all of those features. For instance, to show the evolution in the lumber business, when I went to Georgia thirty-six years ago I bought a great deal of timber land at 40 cents an acre.

The CHAIRMAN. Then a great deal of the advance has been on speculation?

Mr. TIFT. I bought the land that the city of Tifton is located on now at $1 an acre.

The CHAIRMAN. And speculation takes into account the severe competition which you have with Canada?

Mr. TIFT. Well, I do not know that it is a question of speculation. For instance, to illustrate the advance in value, and the advances in timber values all along the line, I bought the land that the city of Tifton now stands on at $1 per acre.

The CHAIRMAN. Do you send the Georgia pine to Mexico as well as Canada?

Mr. TIFT. No, sir; I do not know of any Georgia pine, excepting possibly in the Beaumont (Tex.) district—there may be lumber exported to Mexico, but none from Georgia; no, sir.

Mr. BOUTELL. Were you in the lumber business before you went to Georgia?

Mr. TIFT. No, sir.

Mr. BOUTELL. How are the men paid in the Georgia and Florida mills—the colored employees?

Mr. TIFT. We have a monthly pay day, and in addition to that the men get their supplies as they want them.

Mr. BOUTELL. Do you pay in cash or in script?

Mr. TIFT. Pay in cash.

Mr. BOUTELL. The reason I ask is that in 1875 I visited what was then said to be the largest lumber mill in the South, upon Perdido Bay, in western Florida, on the border line between Florida and Alabama; and I found industrial conditions there then the like of which I have never seen anywhere else. The company owned a supply store, and the men were all paid exclusively in some kind of script which was redeemable at that store in supplies. They got no cash at all. Does that system prevail still in Florida, do you know?

Mr. TIFT. No, sir; it does not. We have a system of paying negro labor—we pay every month. We have to keep a commissary at a sawmill; it is a necessity. Our negroes in trading with the commissary are given checks instead of keeping an open account with them, which is unsatisfactory. A negro will spend a dollar here and 50 cents there, and at the end of the month he will dispute his account always. We give him a dollar check, say, and he trades that out—it is a punched check. He is under no obligations to trade at the commissary. We simply use that check system as the most satisfactory system of keeping the accounts. Those checks are charged up to the hand, and he trades them out. At the end of the month those checks go into his account, and the wages are credited, and he

draws his pay. Then, during the month he gets money for special purposes; that is given to him; we pay it to him.

Mr. BOUTELL. That is, it is optional with the employee whether he takes the scrip or returns it?

Mr. TIFT. Entirely.

Mr. GAINES. But you do not mean that altogether?

Mr. TIFT. Not altogether, no.

Mr. GAINES. The wages are added together at the end of the month. If he is in need at any time before pay day, he can get scrip up to the amount of the work done, up to the time that he applies—that is, a piece of scrip, or check, with little punch holes in it?

Mr. TIFT. Yes, sir.

Mr. GAINES. He need not apply for this if he does not want it. If he does apply for it, and does not trade that out, and it is turned in at the end of the month, he gets a credit for that?

Mr. TIFT. Yes, sir.

Mr. GAINES. And in pursuing that accommodating and kindly system with the men, if for any reason they need money, they can get it?

Mr. TIFT. That is it exactly.

Mr. GAINES. So it is not exactly optional, as you say.

Mr. TIFT. I do not want to create that impression. We do not expect to pay him money throughout the month unless there is some urgent necessity why he should have it. We adopted that system because we found that it is the only system upon which we can get along with the negro labor. If we paid him every day, they would not work half time. They would spend the money for whisky, and things that they do not need.

Mr. CRUMPACKER. Is not Georgia a "dry" State?

Mr. TIFT. Well, Georgia is a "dry" State, but we haven't got rid of whisky absolutely. We are doing all right, however, taking everything into consideration.

Mr. FORDNEY. The chairman asked you about the advance in stumpage, and you said that there were several reasons. Now, I want to ask you if this is not true: That one of the greatest causes for advances in the price of stumpage in the country in the past ten years is due to the very large amount of timber put into Government reserves, taken absolutely out of the market, excepting at extremely high prices?

Mr. TIFT. That is a fact, no doubt.

Mr. FORDNEY. I believe in the State of Oregon there are 15,000,000 acres in forest reserves right now. If that timber in those forest reserves were thrown on the market under the present laws—the homestead law, the timber and stone act—and permited to be located with forest reserve script, and so on, would it not have a tendency to reduce the price of stumpage in the State of Oregon right now?

Mr. TIFT. I think that is true.

Mr. FORDNEY. Then, isn't it true that on account of the depreciation of the forests of the country, which is rapid—and all men know that who know anything about the business—that the timber holdings in the country in the past ten years have gone into strong hands instead of small holdings, and therefore a speculative value has been put upon it?

Mr. TIFT. That is true in a great many sections. I do not think that would apply as much in Georgia as in other sections; not as much in Georgia as in Florida.

Mr. FORDNEY. For instance, in the State of Mississippi ten years ago there were very large forests there under small holdings that could be grouped up at the low price of 50, 75 cents, and a dollar, and which is now worth from $3 to $5? Those holdings have gone into strong hands?

Mr. TIFT. That is my information largely.

Mr. FORDNEY. Let me say further that the Government to-day is demanding the highest-priced stumpage asked for timber on the Pacific coast. Do you know anything about that?

Mr. TIFT. I do not.

Mr. FORDNEY. Well, I do. I know they ask $5 stumpage for their timber in California upon certain reserves, and I know that no other timber demands that price. I know of no holder of timber asking any such price as that, but the Government is selling some timber at that price.

Mr. TIFT. Our average price of stumpage in Georgia is about $2. The average price of stumpage in Florida runs from $1.50 to $3, depending upon the location. Three dollars is the highest stumpage value I know of in Florida.

Mr. FORDNEY. Southern Georgia is entirely different from other parts of the Southern States?

Mr. TIFT. I think so. In Georgia we have very few large holdings of timber, while in Florida there is much more. There is a much larger area of virgin timber in Florida than in Georgia.

Mr. FORDNEY. I do not know whether I asked you this question when you were here the other day—I don't remember—so I will ask you now. Do you believe that by reducing the duty or removing it on lumber that the consumer would be benefited? If so, would it tend to conserve the forests?

Mr. TIFT. No, sir; it would not. I doubt if the consumer would be benefited to any practicable extent. In my judgment it would not conserves the forests, for the reason that it would destroy to a very large extent our market for our low-grade timber. There are certain classes of stock upon which we do not fear anybody's competition; we can market it. But a very large percentage of our stock is what we call low-grade stock, and that is the stock that we are trying to find markets for. We are changing our mills so that we can make that stock more economically. Upon the mill that I am interested in in Florida now we are spending several thousand dollars to change that mill from circular to band saws.

The CHAIRMAN. I understand you to say that if the duty was taken off the consumer would not get his lumber any cheaper; is that correct?

Mr. TIFT. No, sir; I do not say no cheaper.

The CHAIRMAN. You stated that it would not benefit the consumer. If he got lumber cheaper, it would benefit him, would it not?

Mr. TIFT. Only to a small extent; that is, benefit to the consumer.

The CHAIRMAN. The tariff is $2 a thousand. To what extent would the taking off of that tariff benefit the consumer?

Mr. TIFT. That is merely a matter of opinion.

The CHAIRMAN. I am trying to get your judgment about it.

Mr. TIFT. My judgment is that it would be very small. I doubt if he would get 10 per cent reduction.

The CHAIRMAN. Yet still that 10 per cent, which would be 20 cents a thousand, in your judgment, would be sufficient to drive out of the market all of the low-grade timber and lumber?

Mr. TIFT. No, sir; I did not say that.

The CHAIRMAN. Well, you said that there would be no market for it, and I do not know what the difference is.

Mr. TIFT. I want to say this: That we haven't got the market now for the low-grade lumber.

The CHAIRMAN. Please raise your right hand.

(The witness thereupon was duly sworn by the chairman.)

The CHAIRMAN. Now, I wish you would answer this question: How would it injure the market if the low-grade timber were only reduced in price 20 cents a thousand?

Mr. TIFT. I would answer it in this way, if you will permit me. It is not a question of price so much as the question of competition and market. To illustrate, we are trying to get our low-grade framing lumber into the different markets, for instance, in New York and eastern markets. Framing lumber that is in use in those markets is almost entirely spruce. We can hardly get yellow-pine framing into that market. It is not a question of price altogether, but custom and usage. On the other hand, in the Chicago and western markets there is practically no spruce used; it is all yellow pine. We are trying to push our markets; we have been pushing them year after year; we have gone farther into the West and into the Northwest, and we are trying to get our low-grade yellow-pine framing into the eastern market in competition with the spruce.

The CHAIRMAN. You say that is a question of usage. How is the lowering of the price of 20 cents a thousand going to affect that usage?

Mr. TIFT. It will affect it in this way: If you open those eastern markets to the Canadian spruce, which comes into New York and New England and those markets now—if you let down the bars and take off the tariff, there will be a very much larger volume of spruce and Canadian lumber shipped into those markets, and we would have no chance to get in.

The CHAIRMAN. It would not lower the price more than 20 cents. Do you not honestly believe that whether the tariff is kept on or not the price will go up further than it has gone up now; and that if it is taken off, in less than two years lumber will be higher than it is to-day?

Mr. TIFT. I think possibly it would; yes, sir.

The CHAIRMAN. You think it will be, do you not?

Mr. TIFT. Why, yes.

The CHAIRMAN. Then people will be compelled to buy this low-grade lumber, as they are to-day, because of the high price, will they not?

Mr. TIFT. Well, as I stated before, it is not a question of price altogether. Price is a factor in it, but there are a great many other factors that come in in connection with the market.

The CHAIRMAN. They did not begin to have this consumption of it until there was a high price, did they?

Mr. TIFT. There is more lumber cut every year. Of course, some of the consumption is because of there being more people in this country.

The CHAIRMAN. I understood you to say in answer to Mr. Fordney's question on another subject—we do not seem to get much light on this one—that the large timber tracts have gone into strong hands, and that was one reason for the advance in the price of the stumpage. Is that correct?

Mr. TIFT. I think that is a factor in it; yes, sir.

The CHAIRMAN. If that is true, would the removal of the $2 duty tend to check the advance in the price of stumpage?

Mr. TIFT. If it had the effect of demoralizing the markets and reducing the price, it would necessarily react on the price of the stumpage.

The CHAIRMAN. Taking 20 cents off the price of lumber, as you have estimated, would that demoralize the market?

Mr. TIFT. Well, no, sir; I don't know that that of itself would be a factor.

The CHAIRMAN. If it did demoralize it, who would lose; anybody excepting the speculator who has been buying up the stumpage?

Mr. TIFT. Yes, sir; the speculator. But I think that lumber that is held in the hands of speculators is a small proportion of the timber that is held all through this whole country. Take it in Georgia, I think the proportion held by speculators is a very small proportion.

The CHAIRMAN. You said a few moments ago that Georgia is pretty well cut over, but you say that in Mississippi there are large tracts held by speculators. I did not want you to go back on Georgia to answer my question, but take the whole country, or take Mississippi. Florida, you stated, was pretty well cut over, did you not?

Mr. TIFT. No, sir; excuse me, I do not think I said——

The CHAIRMAN. Do you think it is necessary to keep $2 a thousand duty in order to help out the speculators in Mississippi, that it is our duty to do it?

Mr. TIFT. No, sir; I do not think it is necessary to help out the speculators, but I think we should take the interest of the whole country together. The lumber interest, I think, is the fourth industry in this whole country. You are going to affect the lumber manufacturer, hundreds of thousands of people who are engaged in the lumber industry, assuming that you take off the tariff; it is going to affect the lumber industry, the small holders of timber all over the country.

The CHAIRMAN. To the extent of 20 cents a thousand.

Mr. FORDNEY. But that is not what he said.

Mr. TIFT. No, sir.

The CHAIRMAN. You have your interpretation as to what he said, Mr. Fordney, and I have mine. Do you think that the lowering of the price of lumber 20 cents a thousand is going to endanger the lumber business generally and demoralize it?

Mr. TIFT. That would be a small factor in it, but I want to state that it is not a question of price altogether. If you bring enormous quantities of lumber into any given market, it is going to affect that market; it is going to drive the man out that is least able to get in. In other words, to illustrate the situation, upon the lumber coming from Canada into New York and New England, it gets into the market on rates of $2.50 and $3 a thousand, while we have to get into

that market on $7 and $8 a thousand. We are gradually working into that market, and we are shipping roofers, which we have not been able to do until this year, into that market.

The CHAIRMAN. What market are you working into?

Mr. TIFT. We are trying to work low-grade lumber into the eastern markets—New England, New York, Pennsylvania.

The CHAIRMAN. You sell all of your low-grade lumber now, do you not?

Mr. TIFT. We sell what we can make. We are leaving a great deal in the woods that we want to market to-day.

The CHAIRMAN. You want this duty in order to compel people to take the low-grade lumber?

Mr. TIFT. No, sir; we do not.

The CHAIRMAN. That is what it amounts to, doesn't it?

Mr. TIFT. We want the duty on to keep the volume of the foreign lumber out of our market, so as to give us a chance to get in and to have people use our lumber instead of the foreign lumber.

The CHAIRMAN. So as to compel the people to buy your low-grade lumber?

Mr. TIFT. No, sir. We claim that our low-grade lumber is just as good as the low-grade lumber from Canada.

The CHAIRMAN. Then it is no time to compel to buy. You want this to compel them to buy it, do you not?

Mr. TIFT. We do not look at it that way.

The CHAIRMAN. Would you be satisfied with the duty on low-grade lumber?

Mr. TIFT. Yes, sir.

Mr. FORDNEY. I can answer that, too; yes; and every other lumber man will be with us there.

Mr. GAINES. I doubt that.

Mr. FORDNEY. The chairman has asked you about the price of stumpage and whether or not it affects your business. There is a difference between the ownership of stumpage and the manufacture of lumber, and decidedly, is there not?

Mr. TIFT. Decidedly; yes, sir.

Mr. FORDNEY. And there are hundreds and thousands of mills in the country to-day depending upon buying stumpage that have their investment in their mill plants, and so on?

Mr. TIFT. Yes, sir.

Mr. FORDNEY. And if the price of stumpage goes higher, and if a removal of the duty would lower the price of the low grades, then the mill men suffer and not the man who owns the stumpage, because the man who owns the stumpage will not sell until he gets his price, unless he happens to be in financial straits that compel him to do so, which is not often the case. Is not that true?

Mr. TIFT. Yes, sir.

Mr. FORDNEY. So that there are thousands of mill men to-day dependent upon buying stumpage from some man who owns the stumpage now?

Mr. TIFT. That is true.

Mr. FORDNEY. Isn't it true, generally true, that when the price of lumber is low the price of stumpage has not gone back, but held its own, and no sales being made?

Mr. TIFT. That has been the situation for the last year.

Mr. FORDNEY. And the man who made that investment held on and would not let it go?

Mr. TIFT. There have been no sales in Georgia or Florida during the last year——

Mr. FORDNEY. But isn't it true that the average manufacturer in the United States to-day competes with his competitor in any part of the world on high grades, and does not fear any man?

Mr. TIFT. Yes, sir.

Mr. FORDNEY. It is only the low grades that he needs protection on, practically?

Mr. TIFT. Practically.

Mr. FORDNEY. When the price of lumber is exceedingly high in the markets, the duty on lumber does not amount to a bawbee in the question?

Mr. TIFT. That is true.

Mr. FORDNEY. But it is when the low grades are a drag in the market that the duty helps out the lumber, and in such times as we are having to-day?

Mr. TIFT. That is about the situation in a practical way.

Mr. FORDNEY. It was testified here the other day that the lumber men on the Pacific coast competed right along in Australia and Japan and China and Manchuria and in British Columbia, and they all conceded that the price of lumber was lower in British Columbia than on the Pacific coast, and why? Because they could compete on high grades, but not on low grades. Did you hear that testimony?

Mr. TIFT. Yes, sir.

Mr. FORDNEY. If the duty is removed from low-grade lumber at a time when the price of lumber is low in our market, Canada or British Columbia would increase her output, because she could use United States markets for a dumping ground for their low grades, which she can not send elsewhere. Isn't that right?

Mr. TIFT. That is true, and that is the competition that we are trying to get rid of.

Mr. FORDNEY. When you take into consideration that 10 or 20 per cent, or whatever it is, it does not make so much difference so long as they have a dumping ground into which they can get rid of their lumber even at cost.

Mr. TIFT. That is right.

Mr. FORDNEY. If a man is in the lumber business, he finds that out pretty quick.

Mr. TIFT. The problem that confronts us all is to find out how to get rid of the whole tree; that is the problem, the great factor, when we cut down the tree, to get everything in the tree into the market; and where we have no market for the low grades, the mills that have largely invested, and secured timber leases, are trying to work out that proposition. If we haven't got a market for everything in the tree, then we have to sell what we can out of it and leave the rest in the woods.

Mr. FORDNEY. You leave some low grade in the woods; why do you do that?

Mr. TIFT. Simply because we have no margin upon which to market it.

Mr. FORDNEY. If the duty were taken off the low grade, would it have a tendency to help you get that out?

Mr. TIFT. Yes, sir.

Mr. FORDNEY. If the duty were taken off, would it make that condition?

Mr. TIFT. Oh, no, sir; excuse me; I misunderstood your question.

Mr. FORDNEY. If the masses of the people want to conserve our forests, will they do it by lowering the prices of low-grade lumber or raising them?

Mr. TIFT. In regard to the question of conserving the forests, this question of the high price of stumpage is a great big factor in it. Our people are going to conserve our forests and take care of them and preserve them—I am speaking of private ownerships—when they can do it profitably, and as to the value of stumpage increase, to that extent we are going to conserve the forests. Take the evolution of the lumber business in my State, and that is the principle all the way through. When I first went to Georgia there was not a frame house within 20 miles of Tifton, everybody building log houses and building rail fences, splitting up good timber into rails to make the fences. To-day, in the last five years, there have been more wire fences built in Georgia in three years, commencing with the boom in lumber, than in twenty-five years before. And the same condition prevails in Florida. The value of stumpage is increasing, and where the farmers and small holders got timber, they are trying to take care of it. Instead of splitting it into rails, they are holding it and selling it to the mills, and putting in wire fences.

Mr. LONGWORTH. They are holding it for the purpose of eventually cutting it out, and getting a larger profit out of it than now?

Mr. TIFT. Oh, yes.

Mr. LONGWORTH. How can higher prices tend to conserve the forests?

Mr. TIFT. Take the farmer. There are millions of feet of timber that every year has been deadened, burned up, in clearing lands. Those people now, the farmers that have gotten timber areas, are trying to preserve them. They are raking it and protecting it from fire, and taking care of it with a view of holding it.

Mr. LONGWORTH. They are eventually going to cut it, are they not?

Mr. TIFT. Eventually, yes.

Mr. LONGWORTH. Then how is that conserving the forests? They will hold it a year or two, and the men whom you entitle the "strong men," the owner holding the largest amounts, are going to sell their timber at higher prices than they are getting now?

Mr. TIFT. I do not think it is a question of a year or two; I think it is a question of a good long period.

Mr. LONGWORTH. How long?

Mr. TIFT. Oh, well. I think that that would be governed largely by conditions.

Mr. LONGWORTH. They are not holding it for patriotic purposes, are they?

Mr. TIFT. No; I do not think so.

Mr. LONGWORTH. But to make money on it?

Mr. TIFT. I do not think the average citizen is doing business on a patriotic basis.

Mr. LONGWORTH. But your proposition is, as I understand it, that the high price of stumpage is a tendency in the direction of conserving forests?

Mr. TIFT. Yes, sir.

Mr. LONGWORTH. And I do not understand that. You say that it is a question of time. How long a time? Is it not simply the time when they are going to get the prices they are holding it for?

Mr. TIFT. That may be, to some extent. For instance, you take this question of utilizing everything in a tree. That will prolong the life of every sawmill operation, and as stumpage values increase steadily, and lumber values increase, the same rule would apply in timber that would apply in any other investment; they are going to conserve and take care of it. For instance, you take the average sawmill man after his timber has been boxed for turpentine; he will not even go into the woods to rake it and protect it from fire. He figures that it will cost him more to do it than the loss he would suffer from the trees burning. All those factors go into the question of forest conservation and preservation.

Mr. LONGWORTH. You lay it down absolutely that the lowering or the taking off of the duty on lumber would have no effect whatever on the forest conservation?

Mr. TIFT. I think it would hinder it.

Mr. LONGWORTH. What would be the effect of raising the tariff on lumber?

Mr. TIFT. Well, I think that the tariff is pretty near on proper lines now, sir.

Mr. LONGWORTH. You do?

Mr. TIFT. Yes, sir.

Mr. LONGWORTH. You state that the reduction of the tariff on lumber would tend to destroy the forests at a greater rate than now?

Mr. TIFT. Yes, sir.

Mr. LONGWORTH. Will you kindly explain that?

Mr. TIFT. Our mill operations could not go on; the large investments in timber, in timber leases——

Mr. LONGWORTH. Well, in the first place, it could not be so profitable to cut lumber as now if the tariff was taken off; is that it?

Mr. TIFT. It would probably destroy the profit on our lumber up to certain grades.

Mr. LONGWORTH. If it was less profitable, why would you cut more?

Mr. TIFT. Simply we would go into the woods and we would cut the timber that we had profit in, that portion of the tree that we had profit in, leaving the balance in the woods or put them in the slab pits. It would set us back ten, fifteen, or twenty years. For instance, when I went to commence sawmilling we got from 2,000 to 2,500 feet to the acre of timber. That was thirty-six years ago. That has gradually advanced until, as we are cutting lumber to-day, and utilizing larger portions of every tree we cut, and cutting inferior trees, that same acreage will cut 10,000 feet to the acre under our method of logging to-day. Now, if our markets go off as they have this year, then we are simply getting out our high-grade lumber and putting the balance in the slab pits or leaving it in the woods; cutting the butts of the trees, the best timber, and leaving the balance to go to waste. That is where it would affect the conservation of the forests very seriously.

Mr. LONGWORTH. I wanted to be perfectly certain as to your proposition. You lay it down as a proposition, that the taking off of the

tariff on lumber would tend to destroy the forests of this country at a more rapid rate than they are being destroyed now.

Mr. TIFT. Yes, sir. That would be the effect, in our section of Georgia and Florida. Now, that might not be true of the entire section of the country.

Mr. LONGWORTH. But I am asking you about this country.

Mr. TIFT. I can only answer for the sections that I am familiar with, and as to the other sections it would only be an opinion.

Mr. LONGWORTH. I was not asking you about Georgia, but was asking you about the forests of this country. What do you say about that?

Mr. TIFT. I think that that principle would hold generally, sir.

Mr. LONGWORTH. You do?

Mr. TIFT. Yes, sir.

Mr. LONGWORTH. You state that as your opinion as an expert on lumber?

Mr. TIFT. I am speaking as to the manufacturing proposition. Where there are large areas of timber held by speculators, that might be a different proposition. I am speaking from the manufacturing standpoint.

Mr. LONGWORTH. In Georgia?

Mr. TIFT. Well, I think the same principle would apply generally.

Mr. LONGWORTH. Then, you don't think that the taking off of the tariff on lumber would tend to more rapidly decrease the forests?

Mr. TIFT. No, sir; I do not.

Mr. LONGWORTH. You just said that you did, and I will ask the reporter to read my question so that you may hear it again.

(The reporter reads the following question and answer: "Mr. Longworth. You state that the reduction of the tariff on lumber would tend to destroy the forests at a greater rate than now? Mr. Tift. Yes, sir.")

Will you now kindly explain exactly what you mean?

Mr. TIFT. I think you misunderstood me.

Mr. LONGWORTH. Then, do you desire to qualify that statement that you made?

Mr. TIFT. No; I believe I will stand by that now.

Mr. LONGWORTH. As a proposition affecting the forests of this country?

Mr. TIFT. Yes, sir; and for the reason that I stated.

Mr. FORDNEY. Anything that would tend to reduce the price of low grade or bring in greater competition to lessen the sales of low-grade lumber would have a tendency to compel you to leave that lumber in the woods, because there would be no profit in it?

Mr. TIFT. That is true.

Mr. FORDNEY. And that would have a tendency to destroy instead of conserving the forests?

Mr. TIFT. Yes, sir.

Mr. FORDNEY. Much has been said about the high price of lumber in this country, and the duty of $2 a thousand upon rough lumber being responsible for it. Has the price of rough lumber in the market in the past ten or twelve years, or during the life of the Dingley law, advanced any more in price than the average agricultural product?

Mr. TIFT. No, sir; it has not. And I want to say right there that in 1872 the price of 3 by 9 South American deals in Brunswick, Ga., was $16 a thousand on the cars. That same lumber has been sold this year for less than $16, and the market report to-day on that class of lumber quotes it as $16.

Mr. FORDNEY. What was the price of the product of a log in your mill in 1896, under free trade, when there was no duty on lumber? What did you get for the average product of the log then, when it was extremely low?

Mr. TIFT. I would have to quote from memory, and I would not like to do that, because it might be wrong.

Mr. FORDNEY. Do you remember whether it was half what you are getting for it now, or more, or less?

Mr. TIFT. It has varied a great deal. The difference in the market then and now is because in the last few years we have been marketing more and more of the trees—sap lumber and kiln-dried lumber. and that class of stuff—which we did not make years ago; and there are certain classes of lumber, ordinary dimension, in which there has not been a very large variation of price in twenty years. For instance, in the fall of 1904—I am speaking now of the ordinary dimension shipped through the ports, 8, 9, or 10 inch lumber—it was as low as it has been at any time in twenty-five years.

Mr. FORDNEY. About what price did you get for it?

Mr. TIFT. Dimension lumber was sold in the fall of 1904 f. o. b. port of Jacksonville—there was a cargo sold at $10 a thousand.

Mr. FORDNEY. What do you sell for there now?

Mr. TIFT. The same lumber to-day is worth about $14.

Mr. FORDNEY. From $10 up to $14. Isn't it true that the average agricultural product has doubled in price in that time?

Mr. TIFT. Yes, sir; I think it is true.

Mr. FORDNEY. And that there is more protection to the agricultural products than lumber?

Mr. TIFT. Yes, sir.

Mr. CRUMPACKER. Here is a proposition that Mr. Fordney has overlooked in his effort to show that higher lumber conserves forests, and that is when lumber is high the consumer is more frugal in its use. Is not that the case?

Mr. TIFT. Yes, sir.

Mr. CRUMPACKER. He paints his barns and buildings for the purpose of preserving them more carefully; perhaps takes the roof in out of the rain when the storm comes?

Mr. TIFT. Yes; and he uses other material.

Mr. CRUMPACKER. As substitutes?

Mr. TIFT. Yes; uses other material to some extent—brick and cement.

Mr. CRUMPACKER. It prompts a more frugal use by the consumer when it is high than when it is low.

Mr. LONGWORTH. Then, if we were engaged in revising the tariff on lumber solely with the idea of conserving the forests, would you advocate a substantial increase in the duty, therefore raising the price of lumber and preventing the destruction of the forests?

Mr. TIFT. No, sir; I do not quite take that position.

Mr. LONGWORTH. Why not? A moment ago you followed out that theory. You say that the higher the price of lumber the less the

destruction of the forests. You say that the price of lumber depends upon the tariff, and therefore if we raise the tariff it will raise the price of lumber and prevent the cutting of the forests?

Mr. TIFT. No; I think there is a limitation there.

Mr. LONGWORTH. Where does it come in?

Mr. TIFT. To the point of giving us a market so that we may utilize our whole tree. That is what we are trying to get.

Mr. LONGWORTH. You want to get the price of lumber higher, do you not?

Mr. TIFT. We do not ask for a tariff that would give us a great big margin on low-grade lumber, but we are trying to bring about a condition that will do away with the waste. Speaking upon the question of forest conservation, and of course speaking upon the question of profit, we are trying to get the market so that when we cut a tree and take it to the mill we can get all there is in the tree; so that we can break even on the low-grade stock.

Mr. LONGWORTH. Has the tariff any effect on the price of that tree?

Mr. TIFT. Yes, sir.

Mr. LONGWORTH. If it was reduced, it would lower the price of the tree, would it ?

Mr. TIFT. It would if it destroyed our markets.

Mr. LONGWORTH. I am talking about the price of the tree, and surely you can answer that question. Has the tariff any effect on the price of the tree?

Mr. TIFT. We think so; yes.

Mr. LONGWORTH. If you lowered it, would it lower the price of the tree?

Mr. TIFT. I think that would be the effect.

Mr. LONGWORTH. If you raised it, would it raise the price of the tree?

Mr. TIFT. It would seem so; yes, sir.

Mr. LONGWORTH. Then, the higher you raise it the higher it would raise the price of the tree?

Mr. TIFT. I think that is true.

Mr. LONGWORTH. Well, then, the higher the price of lumber the less tendency there would be to destroy the forests?

Mr. TIFT. Yes, sir.

Mr. LONGWORTH. Then, if we raised the tariff it would be a move in the direction of conserving the forests?

Mr. TIFT. Taking it from that view point; yes, sir.

Mr. LONGWORTH. That is your opinion as an expert, is it?

Mr. TIFT. Well, I think there might be other considerations that would come in there.

Mr. LONGWORTH. Oh, yes.

Mr. TIFT. That would be one factor.

Mr. FORDNEY. I did not ask you whether by taking the duty off it would reduce the price of the tree. If you were a manufacturer and owned the tree, it would affect the price of a tree if you could not market the low grade in it and must leave that in the woods?

Mr. TIFT. Yes, sir.

Mr. FORDNEY. Are you selling low grades to-day below cost?

Mr. TIFT. Largely; yes, sir.

Mr. CRUMPACKER. That is a slightly leading question.

Mr. FORDNEY. And that is what I want, and I think I know about as much about the business as that gentleman does.

The CHAIRMAN. Do you want to keep the duty on lumber so as to sell the low grade below cost?

Mr. TIFT. We want to get a little margin.

The CHAIRMAN. Sell below cost and therefore keep the duty on.

Mr. FORDNEY. You are selling low grade below cost now, are you not?

Mr. TIFT. Some of it.

Mr. FORDNEY. I know we are, and we are in the business. Low grades are selling below what it costs to produce them, to say nothing about the stumpage.

The CHAIRMAN. And you get a large price on the upper grades?

Mr. FORDNEY. No; I do not believe we do, any more than the average lumberman, but the whole gist of this is that your product is not protected in proportion to the ad valorem value of the other products of the country; is not that right, Mr. Tift?

Mr. TIFT. That is true.

STATEMENT OF MR. OTTO KIRCHNER, OF DETROIT, MICH.

(The witness was duly sworn by the chairman.)

Mr. KIRCHNER. It is not a question of the rate of duty, but the sort of duty. We ask you to abolish the ad valorem duty and to substitute the specific duty upon certain seeds.

The CHAIRMAN. What paragraph are you speaking to?

Mr. KIRCHNER. 254, I think. I would like to ask how much time will be allowed me?

The CHAIRMAN. How much time do you want?

Mr. KIRCHNER. I can present it in the abstract in ten minutes, but——

The CHAIRMAN. Then you may go on for ten minutes without interruption.

Mr. FORDNEY. I would ask if you can not give him a few minutes more. It is a very important subject, and I think you will be very much interested.

The CHAIRMAN. I understood him to say ten minutes.

Mr. KIRCHNER. I said that I could present it in the abstract in ten minutes, but to furnish concrete illustrations, in order to make myself more clear, I should possibly want a half hour.

The CHAIRMAN. Well, go on for half an hour.

Mr. KIRCHNER. Seeds that are imported are very largely grown on contract in Germany, in France, and in Italy.

Mr. DALZELL. What seeds are they?

Mr. KIRCHNER. Section 656 of the tariff act of July, 1897, "Seeds: Anise, caraway, cardamon, cauliflower, coriander, cotton," and so forth.

Mr. DALZELL. But they are on the free list.

The CHAIRMAN. Do you want to transfer them from the free list to the dutiable list?

Mr. KIRCHNER. I do not care very much so long as you leave a specific duty rather than an ad valorem duty.

The CHAIRMAN. But there is no duty on them at all now, some of them.

Mr. KIRCHNER. There is not a duty on some of them—I will answer your questions specifically.

Mr. FORDNEY. It is paragraph 254, seeds of all kinds.

The CHAIRMAN. But I understand that those are not the seeds he is speaking about.

Mr. FORDNEY. I think he can explain that; that is the point.

Mr. KIRCHNER. The seeds at 30 per cent ad valorem duty.

The CHAIRMAN. The last clause of paragraph 254 reads: "Seeds of all kinds not specially provided for in this act, 30 per cent ad valorem." Are those the seeds you are after?

Mr. KIRCHNER. I am after those, section 254, and also section—not only that paragraph, but all seeds we have.

The CHAIRMAN. That is the only paragraph upon which there is an ad valorem duty.

Mr. KIRCHNER. Possibly.

The CHAIRMAN. And it contains all other seeds not specially provided for.

Mr. KIRCHNER. I did not so understand it, but it makes no difference, because I address myself to all seeds upon which an ad valorem duty is imposed.

Now, at the point of interruption I was about to say that these seeds are all produced on contracts either in Germany or France or in England, and they are produced in such quantities that they have no market value at the place where they are produced or from which they are imported, so that the only market value of which the importer knows is the price which he pays, and it is the price that he pays at which he enters them for importation into this country.

Now, then, some other importer comes along, and he imports the same kind of seed; say Danvers onion seeds, for illustration. We pay 100 shillings a hundredweight. Some other importer may pay 150 shillings a hundredweight. Another man may pay 175, and some other man may pay 75. Now all of these valuations based upon these invoices pass for the moment, but finally the special agents of the Treasury Department and the different inspectors compare these appraisements, and they say it is impossible that they are all right; some of them may be too high and some of them too low, so they proceed to make an average, or they proceed to insist that the importer enter his goods at the largest valuation at which they have entered in any port. What follows? The importer who wanted to enter his goods at 100 shillings a hundredweight is penalized. If the valuation is raised 50 per cent, the importation or entry is prima facie fraudulent, and he is subject to a fine of $5,000, two years' imprisonment, and the forfeiture of his goods.

The CHAIRMAN. The committee is pretty familiar with that branch of the law.

Mr. KIRCHNER. Possibly the committee is familiar with all of it.

The CHAIRMAN. Well, it is familiar with that branch of the law, and I hope you will excuse me for making the exception. I did not know but that it might be in your interest, and that you could get more argument in your time if I called your attention to that; but you may proceed without interruption, if you properly understand me.

Mr. KIRCHNER. I beg your pardon. I did not use the word "interruption" in an offensive sense. I am very glad to be interrupted.

The CHAIRMAN. I simply thought it would aid you to know that we knew about it.

Mr. KIRCHNER. Certainly. My allusion to the interruption, which was perhaps a very inapt phrase, was no criticism of the committee or yourself, and I think perhaps you misapprehend my purpose. I court interruption, and I shall be very glad to answer any question. When I referred to the penal provision of this act it was not for the purpose of giving information to this committee, or to "carry coals to Newcastle," so to speak, but to emphasize what I was about to say.

D. M. Ferry & Co., whom I am representing, and who are the largest importer of seeds—I am informed that they imported practically seven-eighths of all the seeds imported into the United States—for twenty years prior to March, 1903, entered their seeds, which they had grown for them under contract in the three European countries named, at the invoice price. They knew of no other market price. They had been inquired of by these special agents of the Treasury Department, they had submitted their books, their contracts, and their invoices, and everybody was satisfied up to that time that these goods had been entered at their proper valuation. Then came a special agent of the Treasury and called attention to the fact that the, say, Danvers onion seeds had been imported at four or five different places in the United States approximately at the same time at different figures, and the claim was made that Ferry & Co. had imported these goods, though at their invoiced price, at less than their market value. Now, then, an investigation was had. I represented them in the matter, and after a full hearing the appraiser at Detroit sustained them in the position that they had taken, that there was no other market value than the invoiced price.

The collector, not of his own volition, but acting under special instructions from the Secretary of the Treasury, appealed from that appraisement to the Board of General Appraisers. Before the final hearing before the Board of General Appraisers I had an interview with Secretary Shaw, at that time Secretary of the Treasury, and the whole matter was gone over with him, and he was satisfied that those importations had been made, that there was no other market value than the invoice price, and thereupon Mr. Waite—Judge Waite, a former judge in Michigan, and then and now one of the Board of General Appraisers—sustained the Detroit appraiser in his action, and gave his opinion in October, 1903, and from that time until now these importations have been entered at the invoice price.

And now, Mr. Chairman, this identical question that was thrashed out so fully five years ago is again raised. And why? Because new men have got into the business, new men have been employed by the Government. They do not fully understand it, and they are unable to see why these seeds should approximately at the same time be imported into the United States at different prices.

Now, my clients say that this is a pretty hazardous business. They do not know what other price to enter these goods at other than the invoiced price. They can not do as some importers do, simply out of fear to make value for the purpose of importation, because they do not know what to do, and so they stand in fear and constant terror of having their commercial integrity impugned, of being subjected to penalties and forfeitures, simply because, from the very nature of

the case, the very necessities of the case, they are forced into a doubtful position.

And now what do they ask? They ask, Mr. Chairman and gentlemen, not that the duty be reduced, but that the duty shall be gauged in some way or on such a basis that hereafter they can act with safety.

Mr. FORDNEY. You want it specific instead of ad valorem?

Mr. KIRCHNER. We want a specific instead of an ad valorem duty.

Mr. DALZELL. On your statement as to the value, whatever it is assumed to be? How are you going to do it?

Mr. FORDNEY. He might place it on the imports, on the basis of the amount of money collected.

Mr. KIRCHNER. I understand, Mr. Chairman and gentlemen of the committee, that the American Seed Trade Association, through a representative from New York, has submitted figures. If I am not correctly advised as to that, I can give you a copy of that statement. They have gone over the whole subject and recommended a certain rate of duty per pound upon all the seeds in which they are interested. I have a copy of their communication, which I shall be very glad to leave with you. But I am told by Mr. Bowen that you have a copy.

Mr. DALZELL. What is the name of the association?

Mr. KIRCHNER. The American Seed Trade Association.

The CHAIRMAN. We would like to know the value of the seed per pound, as well as the duty proposed, in order that we may see whether the duties are excessive or not.

Mr. KIRCHNER. I may state that I am not advised precisely as to the basis upon which this proposed schedule is founded, but I am informed by Mr. Bowen, a gentleman who is known to Mr. Fordney, no doubt, as the manager of D. M. Ferry & Co., of Detroit——

The CHAIRMAN. We should have to have some testimony upon that.

Mr. KIRCHNER (continuing). I was told that this proposed duty would yield approximately the same amount of duty that the present schedule has yielded; and, if you will permit me, I would be very glad to leave a copy of this schedule with the committee now.

Mr. CRUMPACKER. Leave it with the clerk.

Mr. KIRCHNER. Yes. Now, if you desire testimony on this point, we will be glad to submit it, if you will indicate when.

The CHAIRMAN. The committee has always favored putting on specific duties instead of ad valorem duties whenever we could, and sometimes gentlemen have come before us representing their interests and recommending a specific duty, and when we came to work it out we found that the specific duty largely exceeds the ad valorem, and that we would, by acting on their recommendation, be raising the duty without knowing it. This committee would like to know the facts on which this scheme is worked out, and we would like to guard against that.

Mr. KIRCHNER. If I come here in January, some time in January, can I be heard?

The CHAIRMAN. Are you yourself familiar with the technique of this subject? Are you an expert?

Mr. KIRCHNER. No, sir; I am not an expert. I am a lawyer.

The CHAIRMAN. You might have somebody connected with this business put it in the form of a brief and hand it in before the 15th

of January, and it could then be printed for the use of this committee. and then we would consider it in connection with the evidence in the case.

I want to say to you further that the committee is trying to work out the system of valuations, where there is an ad valorem duty, in such a way that the duty shall be based finally upon the wholesale price in this country, after deducting the duty and the freight and the insurance charges and a certain percentage for commissions and a certain percentage of profit so that the ad valorem duty shall not be less than that and shall be based upon the wholesale price at which the goods are sold in this country. I hope you will be able to work that out in this case. If you do, you will go a long way toward remedying the evils of undervaluation that occur not only in the seed business, but everywhere where there is an ad valorem duty. We want to get the facts in regard to it, so that we will know what we are doing, or at least have a reason for it if we find out afterwards that it will greatly increase the duty by making it specific instead of ad valorem.

Mr. KIRCHNER. I am instructed to say that these gentlemen do not care very much how much the duty is, so long as it is made specific and so long as it is not prohibitive and not unreasonably hard upon the consumer. We are willing to pay all the duty, but as it is now we are in constant peril of proceedings instituted by the Government. I spent an hour or two the other day with the Secretary of the Treasury, and——

The CHAIRMAN. I suppose it is a good thing for the agricultural interests of the country to import a certain amount of good seed?

Mr. KIRCHNER. I understand that some of these goods can not be produced in this country.

The CHAIRMAN. I understand that between three and four hundred thousand dollars' worth are imported each year under this particular 35 per cent duty.

Mr. KIRCHNER. Yes. And some of the seed may be raised in California, but it is necessary to make sure of your stock, and therefore you duplicate your California order in Europe in order to make sure that you have the supply.

Now, may I leave this schedule with the clerk?

The CHAIRMAN. Certainly.

Mr. DALZELL. I find here that the American Seed Trade Association—is that what you referred to?

Mr. KIRCHNER. Yes.

Mr. DALZELL. That the American Seed Trade Association has submitted a schedule of specific duty.

Mr. KIRCHNER. Yes; they have submitted a schedule.

The CHAIRMAN. Is it the same schedule as that already printed?

Mr. KIRCHNER. Yes, sir.

The CHAIRMAN. Then it is already filed. We have not had a chance to read these hearings, and do not know what has been filed.

Mr. KIRCHNER. It may help you to understand the situation if I read to you some of the testimony that was adduced before the general appraiser at New York. It will not be very long. I was led to this digression by the remark of the chairman with reference to the market value of these seeds. I think you will find a very great difference. There is no market value for seeds.

The CHAIRMAN. In this country?

Mr. KIRCHNER. In this country or any other country, except for grass seed and rape seed and clover seed. There is no public exchange where these seeds can be bought and sold.

The CHAIRMAN. Grass seed is imported free?

Mr. KIRCHNER. Yes; grass seed has a market value. So has clover and rape seed. But I am informed that there is no other seed that has a market value.

The CHAIRMAN. Of course, grass seed being free, it makes not so much difference.

Mr. KIRCHNER. Mr. Bowen testified that a seed catalogue without price was just as good as a seed catalogue with price. The price does not indicate anything, and I submitted to the general appraiser at New York three distinct catalogues. Now, they had in them possibly 500 or 600 items each, but these three catalogues had 56 seeds in common; that is, 56 different seeds appeared upon each of the three catalogues, and only 8 of those 56 articles were the same in those three catalogues. And the reason is that there is no market value. That is the reason why we are here. If there were a market value, we would not quarrel with this. We could ascertain it. We say we know of no market value other than the price we pay.

The CHAIRMAN. Don't they have a market value in this country?

Mr. KIRCHNER. No, sir.

The CHAIRMAN. How do they settle for them? They have to buy them?

Mr. KIRCHNER. Each fellow gets what he can.

The CHAIRMAN. That is the way of everything. The average establishes the market value.

Mr. KIRCHNER. Does it?

The CHAIRMAN. It comes pretty near it.

Mr. KIRCHNER. Not in this case.

The CHAIRMAN. It is founded on the law of supply and demand.

Mr. GAINES. You say that only 8 kinds of seeds out of the 56 were the same price in the three catalogues?

Mr. KIRCHNER. Yes, sir.

Mr. GAINES. The others were not the same price, you say?

Mr. KIRCHNER. No.

Mr. GAINES. Do the prices vary greatly?

Mr. KIRCHNER. Yes, sir. I have a copy of the analysis here.

Mr. GAINES. An ordinary variation of price, you know, would be incidental to competition, and a uniform price throughout the whole "56 varieties," so to speak, would indicate combination probably.

Mr. KIRCHNER. There is no combination.

Mr. LONGWORTH. What was the variation in the value of the seeds that brought about that case before the Board of General Appraisers?

Mr. KIRCHNER. In some instances 100 per cent.

Mr. LONGWORTH. In the invoice price?

Mr. KIRCHNER. Yes, sir; in the invoice price. That is all explained by Mr. Bowen in his testimony before the appraiser at New York.

Mr. LONGWORTH. Were all of those various importations brought in about the same time?

Mr. KIRCHNER. Approximately within a month.

Mr. LONGWORTH. A variation of 100 per cent in a month?

Mr. KIRCHNER. Yes, sir.

Mr. FORDNEY. It is true that your firm contracts for the same kind of seeds over there in those countries at various prices?

Mr. KIRCHNER. Yes, sir.

Mr. FORDNEY. And when they are imported they are invoiced at the price you pay, and two shipments may come at the same time at a very wide difference in price, and that is what causes you the trouble?

Mr. KIRCHNER. Yes, sir.

The CHAIRMAN. I tell you what you can do, Mr. Kirchner. You can furnish this committee with the information of the average price at the custom-house that these seeds have been appraised at, say in the last five years, on which this ad valorem duty has been collected. If you will give us that we will know whether the specific duty increases or otherwise.

Mr. KIRCHNER. Now, Mr. Fordney called my attention to a matter that I would like to answer specifically, but if you will bear with me I will read Mr. Bowen's testimony before the board of appraisement of United States General Appraisers at New York, N. Y., September 13, 1903, continuation of proceedings in the matter of reappraisements Nos. 7317, 7320, 7321, 7326, 7327, 7329, 7330, 7333, 7323, 7332, 7334, 7328, 7354, 7355, 7356, 7397, and 7400 of D. M. Ferry & Co.; and reappraisements Nos. 7337, 7338, 7339, and 7340 of the Lohrman Seed Company, on seeds; and I think it presents the matter in a more concise shape than I could give it in any other way. [Reads:]

Q. (By Mr. Washburn.) This contract that D. M. Ferry & Co. made with the growers is with the exporters or producers on the other side, that is right?—A. Yes.

Q. D. M. Ferry & Co. have nothing to do with the grower?—A. No, sir.

Q. Have no contracts with them?—A. No, sir. This house in Paris has the seed, and they let this out to the growers.

Q. Are not those seed houses selling to other people in the United States, as well as to D. M. Ferry & Co.?—A. Yes; but not in these large quantities.

Q. Are these actually purchased goods, or consigned?—A. Actually purchased goods. Now, when we import the goods we have to make out an affidavit stating that the price represents the actual purchase price that we pay. Now, the Government says that this is not the market value, but how are we to know? We don't know any other market value. And this thing has been done for all time past and has never been questioned until recently. Now, in this connection, the house of D. M. Ferry & Co. is the largest seed house in the world, and the special agent of the Treasury contends that there is a market value for these goods. Now, D. M. Ferry & Co. say that they can not be purchased in such quantities except by contract, and each lot is the subject of special negotiation.

Q. (To Mr. Kirchner.) I understand your point to be that particular seeds have no market value?—A. (By Mr. Kirchner.) Yes.

Q. On particularly certain species?—A. (By Mr. Bowen.) Yes; on what you would call "vegetable seeds."

Q. On all vegetable seeds; the same thing applies to all of them?—A. Yes.

Q. And on grass seed and timothy seed and such other seeds it is possible to have the market value?—A. They do have.

Q. (By Mr. Kirchner.) That is, seeds the net value and character of which may be ascertained by inspection?—A. Yes; and there is another radical difference between these seeds and vegetable seeds in the sum total, in that the production of vegetable seeds amounts to comparatively very little, compared with the grass seed, clover seeds, timothy seeds.

(Mr. Kirchner states that Mr. Bowen has already been sworn in this matter and is now under oath.)

Mr. KIRCHNER. In further illustration that there is no fixed market value for these seeds, I want to call your attention to the fact that three separate seeds are imported here at different prices, according to the figures furnished by the appraiser here in New York.

Mr. Washburn. Three different prices?

A. Three articles at six different prices: that is, each article at two different prices entered here.

Q. Exported at the same time abroad?—A. Exported from abroad at the same time, on that very sheet. Now, when I speak of market value, Mr. Washburn, I mean this: Take from the brief already filed here, of which I should be glad to hand you a copy, if you desire it——

Mr. Washburn. It would be interesting to look over.

Mr. Kirchner. In effect, the American and English Encyclopedia of Law states that "market value"—"market price"—denotes "A price established by public sales in the way of ordinary business." Now, there is no price established for any of these things—that is, there is no price at which these goods may be sold or bought at any one time.

Mr. Washburn. Is it claimed that there is no market price or value for these goods in this case?

A. (By Mr. Bowen.) Yes; that there is no criterion, as in timothy seed, where you can go to the market at any time—that is, go to the produce exchange at any time—and buy and sell it; but you can not find a market in that way for cabbage seed, for instance, because there are no buyers.

Q. (By Mr. Washburn.) Is not there a fixed price within certain approximate limits at which you and other houses in this country offer to the public seeds like cabbage seeds, for instance?—A. Our prices are as various as can be imagined.

Q. Is it within 5 per cent, say?—A. Our own ideas may change 5 per cent overnight. It is not unusual for us to sell the same vegetable seed to two wholesale buyers on the same day at prices so various that one would be the double of the other. It depends upon our customer, and it depends upon the price he will stand. You see, we only have the chance of selling a customer seeds once a year; there is only one planting time in this climate, which lasts about six weeks; so the question of negotiating for these seeds is very broad, and, as they have no ascertained market value, it is largely what your customer will stand for the seeds that determines your price.

Q. Do you argue that some of the quotations received by you are different from those received by other houses?—A. Yes; the prices charged other people for the same goods proves it.

Q. This house of Cooper, Taber & Co. is a well-known house abroad?—A. Yes; they are in England. We have about six or seven houses in Europe that we deal with.

Q. They are selling to other people in this country as well as to you?—A. Yes; their traveler was recently in the country, but was stricken with appendicitis in Boston and his son has come over to take his trip.

Q. Is it not true that probably the same grade of Wakefield cabbage seed they sell to you they also sell to other people in this country?—A. They may or they may not; as a matter of fact, all the cabbage seed that they deliver to D. M. Ferry & Co. has been grown from what we call "stock seed" of our own, and may be substantially the same as the seed they deliver to other American houses, and then, again, it may be very different. It may or may not be the same.

Q. And that also applies to all these other varieties?—A. Yes.

Q. Are not all of these standard varieties peculiar to these houses?—A. No; that is, rather rare; one variety peculiar to one house particularly may be a developed stock; for instance, the Jersey Wakefield cabbage is an article known in this country and not sold in Europe. It is an American variety entirely, and very largely grown on the southeastern Atlantic coast and shipped up north. Our own stock of it is the result of development extending over the last twelve years.

Q. (By Judge Waite.) Is it adapted to your section of the country?—A. I do not think it is adapted as well as to the Atlantic coast. It is chosen because of its earliness, solidity of head, exact conical shape, and absolute uniformity and regularity. It is a beautiful variety.

Q. (By Mr. Washburn.) This Cooper's Champion Parsnip is a well-known variety recognized in the trade?—A. It is known, of course. All seedsmen put their own names to it because that generally signifies a selection of their own development.

Q. Then a house like Cooper Tabor & Co. do grow seed which you supply them, or they supply you with seeds selected and grown by themselves?—A. Yes. I will further say that of all of our importations last year of these vegetable

seeds, 99½ per cent were produced either from seeds, stock seeds, originally sent over to the other side, or from stocks of their own development on the other side with which we were satisfied, and 1½ per cent represents purchases made from shippers.

Q. Some of the 98 per cent were seeds grown from stock of the firm from which you purchased them?—A. Yes.

Q. What proportion was that?—A. That would be a hopeless task.

Q. Approximately?—A. Could not say.

Q. Is it one-half?—A. Can not answer, for the reason that I would have to analyze a thousand different items perhaps in order to give an intelligent guess myself. We have sent year after year seeds of our early red onions to Europe, originally to Vilmorin-Andrieux & Co., whose stock of them is substantially the same as our own, and we have continued to receive that item from them. * * *

Mr. KIRCHNER. Possibly Mr. Bowen speaks here of the testing of these different seeds. It seems that the value of the seed depends very largely upon the house that produces it. It is important for a seed dealer to know whence the seeds come and the stock from which they were produced; and therefore to say that a Wakefield cabbage seed imported at 100 shillings per hundredweight is the same kind of a Wakefield cabbage seed that was imported at 80 shillings a hundredweight is an error, but the error is not so obvious to the purchaser. Each purchaser has to be educated up to the requirements of the case and has to thrash the same old straw over and over again. [Continues reading:]

Q. Now, assuming that 1,200 pounds of Jersey Wakefield cabbage were sold to your firm in this country produced from stock of Cooper, Tabor & Co., you say that the fact that you had supplied the stock would not affect the price sensibly?—A. Yes. The fact that we supplied the stock would make a large difference to us in the value of the seed after we received it.

Q. That does not explain your invoice, which gives it to you at 84 shillings, and in the other man's 170 shillings?

Prima facie it is the same thing, but yet it maybe very different. [Continues reading:]

A. That they are vegetable seeds is the explanation.

Q. That is the explanation?—A. The explanation is simply this: The Jersey Wakefield cabbage is an American article and Cooper, Taber & Co. have no way of disposing of their product in Europe except to American customers. The great majority of American buyers do as we do; that is, order it in advance for several reasons. One to be sure of their stock, and in a business like ours that is very necessary. And we must also have to take care that we have no large excess, for there would be no demand for it. So it happens when a man has just a little left over one can get almost any price that he might ask for it.

The CHAIRMAN. Is that the same year?

Mr. KIRCHNER. Yes, sir; practically within the same week.

That is a most extraordinary statement on the face of it; so Mr. Washburn asks [continues reading]:

Q. Ordinarily that is not the doctrine which applies to a surplus? I mean that if a man had a surplus or excess that excess would be disposed of at a cheaper price.—A. No. If a man had a little surplus on hand, say 100 or 500 pounds, he will not tell everybody that fact; he will keep his own counsel and get what he can for it, and that is why I testify that there is no criterion, no open-market value, or no exchange where these goods are dealt in where the price would be fixed, as in timothy seed, rape seed, clover seed; that each lot is the subject of individual negotiation in each special case; that it is a matter of negotiation entirely.

The CHAIRMAN. I can get the information I asked you for, about the average price of these articles. I will get that difference and you need not trouble yourself about that. I can get that from the Treasury Department.

Mr. Kirchner. Thank you, very much. [Continues reading:]

Q. Does it ever happen that you pay twice as much for a given lot of seeds than your competitors?—A. Worse than that; we paid for one given lot of celery on contract two and one-half times what we paid another man on contract for the same identical article.

Each was entered at the invoice price. No wonder that a purchaser who was not familiar with the matter would question the verity or bona fides of one of these entries. [Continues reading:]

Q. What do you think the cause of that?—A. Well, we bought in each case at the best price we could make at that time and we wanted some of the celery from Italy and some from France.

Q. (By Mr. Kirchner.) In your testimony do you explain how you exported from the same house the same kind of seeds at different prices within a short period of time?—A. Yes; for instance, we have a contract with a firm for certain seed, and we have taken the quantities that we negotiated for and then find that we could use more; if we find that we must pay an advanced price in order to get the seed that we want we would rather pay the high price than take any chance with another man's goods we know nothing about. That is why I say that the question of price in vegetable seeds is the most variable thing that may well be imagined.

Q. (By Mr. Washburn). What proportion does your importations represent to the importations received into the United States?—A. I do not know beyond what I have been told in time past that our dealings with Vilmorin, Andrieux & Co., generally amounting to $75,000 to $100,000 annually, represent about half of their total production; they grow also for their domestic trade. And of course Vilmorin, Andrieux & Co., is only one; we deal with six or seven different people in Europe, but our negotiations with these people are larger than all the rest.

Q. Has it ever happened that Vilmorin, Andrieux & Co. have supplied you with certain seeds at 50 per cent below the price to other houses?—A. You might just as well make it 100 per cent; but that is impossible. What I mean is that they may ask somebody else twice as much as ourselves. Why, I have known their traveler to come to me and ask if we wanted to buy any "Winnigstadt" cabbage. "Well," I answer, "I don't know; how much have you?" "Well, 30 hundred weight." "What is the stock grown from?" "Our own stock; first class in every respect, like the stock grown for you this year." "Well, what price can you make us?" Such and such a figure, perhaps more than our contract price, perhaps one-fifth more. I say, "We will take a ton of it." He only had 30 hundredweight of it, and he sold us a ton at 20 per cent advance on the contract price, or perhaps 50 per cent; it depends upon what you agree to. The next day he goes to Chicago and the man then had only 1,000 pounds left. He finds a man who wants 500 pounds. He says to himself, "Here, I sold D. M. Ferry & Co. a ton at such and such a price, say $1, I think I will ask him $1.50." And he gets $1.50. Now, which is the market price—the Chicago, at $1.50, or the Detroit, at $1?

Q. (By Mr. Kirchner.) I call your attention, Mr. Bowen—

Whenever you have enough of this I shall be glad to stop, but I think this testimony shows more clearly the situation than any other statement could.

Mr. Dalzell. The chairman has already said that if the committee finds it practicable to put in specific duties instead of ad valorem duties it will do so, and is asking the Treasury Department to work out figures, and it seems to me we have promised everything you ask for.

Mr. Gaines. And I think we are almost convinced that the market price is almost impossible to ascertain.

Mr. Crumpacker. You can leave that for the record.

Mr. Kirchner. I am obliged to you. I was perhaps a little dull in failing to grasp the import of the remark made by the chairman.

The Chairman. Your time has expired, Mr. Kirchner. Mr. Finney will now be heard.

STATEMENT OF MR. JOHN H. FINNEY, OF 514 METROPOLITAN BANK BUILDING, WASHINGTON, D. C.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Do you want to be heard on the same subject, Mr. Finney?

Mr. FINNEY. Mr. Chairman, I want to be heard on paragraph 252 of Schedule G and paragraph 254.

The CHAIRMAN. Mr. Crumpacker, do you desire to have that court record printed?

Mr. CRUMPACKER. Just the part he read here. It contains the evidence upon a vital question. It is not very long, is it? It will be in more convenient form to have it printed. It seems to me that ought to be in the record.

The CHAIRMAN. Very well. Proceed, Mr. Finney.

Mr. FINNEY. Mr. Chairman, at the suggestion of Mrs. Girard, forestry chairman of the Federation of Women's Clubs, on behalf of the Appalachian Forest Association, I want to ask to put on the free list all evergreen seedlings in paragraph 252.

The CHAIRMAN. What seed?

Mr. FINNEY. Evergreen seedlings, for reforestation purposes, and for the seeds of the evergreens designed for that same purpose.

Mr. GAINES. Who did you say you represent?

Mr. FINNEY. The Appalachian Forest Association. In explanation of that, I want to say that I do not think that is going to hurt a single nursery or nurseryman in this country. We have got to start on a very definite policy of reforestation, and these seedlings, originally from American stock, are raised largely in Germany. There is a duty of a dollar a thousand on the slips and a 15 per cent ad valorem duty, and a 30 per cent duty on the seedlings themselves. We are importing a lot now; a lot are imported by the States themselves, coming in free, but when it comes to the question of the general reforestation that we must soon engage in, it is very desirable to have the cheapest sort of plants of the best type that we can get. The time is coming when we must not only preserve our forests, but we have got to make our forests by replanting, and it is a desirable thing to get the best seedling we can at the best prices possible. While I am not familiar with the subject of forestry in this country, I do understand that that particular type of seedling does not hurt any local or domestic enterprise at all. It is a small evergreen, the white pine seedling, that we want the duty removed from.

Mr. FORDNEY. They are imported now only for ornamental purposes?

Mr. FINNEY. No; there is some importation for reforesting in the States. New York is doing that. I am anticipating, however, that the time will soon be here when we will have to engage in a general system of reforestation, and when that time comes we ought to be able to import them in large quantities.

Mr. FORDNEY. White pine, did I understand you to say?

Mr. FINNEY. Yes; white pine, conifers. They are trees that do not reproduce themselves. They have to be grown from seedlings and replanted.

STATEMENT OF MR. ROBERT K. MACLEA, OF 79 WORTH STREET, NEW YORK CITY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What is your name, sir?

Mr. MACLEA. Robert K. MacLea.

Mr. Chairman, I come here representing a number of the leading merchants of New York City, cotton importers and exporters, who have requested me to put certain information before you in the shape of a brief, which I ask the privilege of reading, and to submit. I think, six or seven exhibits. That would take perhaps ten minutes, and any questions that you desire now to ask in the matter I would be glad to answer.

The CHAIRMAN. The committee is hardly in shape to ask any questions when they do not know what you desire to have done. If you want to read a brief, you may proceed.

(Mr. MacLea read the following brief:)

WASHINGTON, D. C., *December 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We, the undersigned committee, representing the leading cotton-goods importing and a number of exporting interests of New York, respectfully call attention of your committee to the following resolution passed at a meeting held in New York City December 16, 1908, wherein the above-mentioned merchants assembled for the purpose of conveying to you through this committee their views in regard to the cotton-cloth schedule of the present tariff.

The following resolution was unanimously passed:

I. While we consider the present rates on cotton fabrics excessive for the requirements of this country, we do not advocate a change toward reduction except on a gradual, small percentage basis, should you see fit to advise a change.

II. We respectfully ask that paragraph 313 be omitted from the next tariff schedules entirely, because its purpose is now found to work to a disadvantage to the government interests by prohibiting entirely the importation of a class of goods known as "lappets, or lappet weaves, or leno weaves," and any fabrics of similar nature except to a very limited amount of merchandise so small as to be of no importance. Furthermore, on account of litigations through the courts regarding this paragraph, it is a question whether the final court decision will not work the reverse way to that intended and allow only the collection of duties at a net lower rate than the ad valorem rates specified in the cotton schedule, paragraphs 304–310, inclusive.

III. We desire to have you avoid additional paragraphs made to ostensibly cover certain productions outside of the regular cotton schedule which could be subsequently held to include a vast amount of fancy cottons not intended; for illustration, refer to suggestions by upholstery people in their brief filed with you December 1, published in Tariff Hearings No. 23, page 3125. The effect of such a paragraph worded as they put it would include all kinds of cotton goods which could possibly be used for upholstery purposes, though 99 per cent of which would be used for other purposes.

IV. We call to your attention that while domestic manufacturers claim they need the great protection given because of "increased" importations of fine goods, it is our belief that the importations are no larger than the natural increase of the use of cotton fabrics for general purposes in this country warrants, and that such as are imported generally are only in exceedingly small quantities at any time as compared with the amount turned out in this country if the same or similar article is made here. In other words, importations of cot-

ton fabrics generally comprise novelties and large ranges of different ideas in small quantities.

V. We suggest that paragraph 310 be worded to define more sharply its intention, and should read as follows:

"The term 'cotton cloth,' or 'cloth,' wherever used in the paragraphs of this schedule, shall be held to include all woven fabrics of cotton in the piece or otherwise, *woven on hand or power looms*, whether figured, fancy, or plain, the warp and filling threads of which can be counted by unraveling or other practicable means."

VI. We ask that if you find changes advisable in the cotton schedules to increase revenue to the Government (irrespective of corrections) you will make the reductions on a gradual scale so as not to upset the business interests throughout the country.

Respectfully submitted.

R. K. MacLea, *Chairman*,
R. S. Hawthorn,
John Darling,
Committee Importers and Exporters.

Mr. Gaines. Do you intend to leave out the words, "unless otherwise especially provided for" there?

Mr. MacLea. Yes, exactly; and to put in the words "woven on hand or power looms."

That petition is signed by a committee representing over 25 of the leading merchants of New York City.

In this respect, Mr. Chairman, I desire to submit to you several exhibits, marked from "A" to "G," inclusive, and I would like to read one or two of them, carrying out our views, to give you an idea as to where this matter stands.

The first article is all cotton unbleached cloth made in the United States. The American price, including manufacturer's profit, is 4⅞ cents a yard. [Reads:]

Comparison: If made abroad at same price (but foreign price is higher, thus permitting large exportations to world's markets against foreign make)—

Price, 36 inches	4.875
Plus 2½ per cent for cases, packing, freight	.122
	4.997
Duty 100/150 threads per square inch, under 4 square yards per pound, value under 9 cents square yard, is 1½ cents per square yard	1.50
Landed cost	6.497

Equals 33 per cent duty.

Mr. Crumpacker. What is that produced for? I mean the American fabric. What is the cost of production here, including manufacturer's profit?

Mr. MacLea. Four and seven-eighths cents a yard.

Mr. Crumpacker. And the foreign product?

Mr. MacLea. Costs more.

Mr. Crumpacker. The foreign product costs more than nine-tenths of a cent a yard in the market here, to which you add 1½ cents a yard duty, making 6½ cents?

Mr. MacLea. Yes; making 6½ cents.

Another article, "Exhibit B," showing a bleached cotton, a plain weave. The manufacturers' price is 5¾ cents a yard. [Reads:]

Comparison: If made abroad at same price (but foreign price is higher, thus permitting free and large exportations to world's markets against foreign make)—

Price, 36 inches	$5.75
Plus 2½ per cent for cases, packing, and freight	.14
	5.89
Duty 100/150 threads, over 4 and under 6 square yards, per pound, value under 11 cents square yard, is 3 cents square yard	3.00
Landed cost	8.89

Equals 51 per cent duty.

Both of these articles pay a specific rate of duty.

Mr. GAINES. I do not know whether I am following you or not on this particular thing. If they can make the thing in this country cheaper than they can make it abroad, you would not import any of it?

Mr. MACLEA. We are selling that in the markets of the world successfully against the foreign makers.

Mr. GAINES. You seem to claim too much. If the cost of making here is so decidedly cheaper than the cost abroad, you could not import any if the duty was taken off, could you?

Mr. MACLEA. Yes.

Mr. GAINES. Why, and how?

Mr. MACLEA. Because in England and Germany they make styles which we could then copy here, and they would be imported to a certain extent merely because they would be different in pattern and design, the result of brain work only on the fabric. This will give us opportunity to keep it in the country.

Mr. GAINES. Is this the kind of cloth that the paragraph you deal with now refers to?—

The term cotton cloth, or cloth, wherever used in the paragraphs of this schedule, unless otherwise specially provided for, shall be held to include all woven fabrics of cotton in the piece or otherwise, whether figured, fancy, or plain, the warp and filling threads of which can be counted by unraveling or other practicable means.

Mr. MACLEA. It is not These exhibits that I am handing in are for the purpose of showing you something that I am leading up to and which we want to advocate, and that is, simplicity in the cotton schedule. The present schedule is very complicated indeed, so much so that for the eleven years of its existence it is constantly disputed, the appraisers themselves often being unable to determine under what particular schedule any piece of cotton goods may come. We are here advocating simplicity in this schedule.

Mr. DALZELL. The article Mr. Gaines refers to is made, you say, cheaper in this country than abroad?

Mr. MACLEA. Yes, sir.

Mr. DALZELL. What do you propose as to the duty—to lower it or leave it as it is?

Mr. MACLEA. To let it alone. But we show you the facts that exist, showing the complications. There are fabrics of the most similar nature that pay different rates, varying from 25 to 75 per cent, yet they are similar in construction.

Mr. DALZELL. There are no importations of this at all now, are there?

Mr. MACLEA. No, sir.

Mr. BONYNGE. What is your request? What change do you want?

Mr. MACLEA. I have put them in the brief that I have read.

Mr. BONYNGE. In this particular exhibit that I hold, "Exhibit B," you say that the American price is 5¾ cents a yard, and that the comparison, if made abroad at the same price—but the foreign price is higher, thus permitting free and large exportations to the world's markets against foreign makes—would be [reads]:

	Cents.
Price, 36 inches	5.75
Plus 2½ per cent for cases, packing, and freight	.14
	5.89
Duty 100/150 threads, over 4 and under 6 square yards per pound, value under 11 cents per square yard, is 3 cents per square yard	3.00
Landed cost	8.89
Equals 51 per cent duty.	

Under the tariff, what duty would be charged on that particular kind of piece of cloth?

Mr. MACLEA. On "Exhibit B" 3 cents per square yard.

Mr. DALZELL. What is the price of it?

Mr. BONYNGE. The American price, including manufacturer's profit, is 5¾ cents.

Mr. MACLEA. We do not know the foreign price, because we can successfully compete with the foreigner on that, and can sell those goods abroad successfully.

Mr. BONYNGE. You have stated the foreign price to be 5.75, exactly the American price, including the manufacturer's profit, and then you add to that 2½ per cent for cases, and then the duty, making a total of 8.89. But the foreign price, less packing, is precisely the American price, if I understand your figures.

Mr. MACLEA. Yes. We find, against English makes, that we can sell those goods successfully.

Mr. DALZELL. I suppose the duty does not do any harm, but I do not see what good it does.

Mr. MACLEA. We show you the inconsistency of the rates of duty in the cotton schedule.

Mr. CRUMPACKER. I understand you to claim that they are inequitable and not harmoniously adjusted?

Mr. MACLEA. Yes; that they are inequitable and not harmoniously adjusted.

Mr. DALZELL. I understand you attempt to show that they are irregular with respect to each other, but you are also showing at the same time that there is no necessity for it?

Mr. MACLEA. That is not my purpose, however.

Mr. DALZELL. Whatever may be your purpose, that is the result, is it not?

Mr. MACLEA. Undoubtedly.

Mr. CRUMPACKER. I notice in your brief that you state that the duties are highly excessive, but that you are not asking for a reduction, excepting to bring about a more equitable arrangement in proportion to the cost and value.

Mr. MACLEA. Exactly.

Mr. GAINES. Is your remedy the substitution of ad valorem duties for specific?

Mr. MacLea. Personally I think there should be a maximum ad valorem rate not exceeding 40 per cent and a minimum rate of 25 per cent.

Mr. Gaines. Is that what you advocate in the brief?

Mr. MacLea. No.

Mr. Gaines. What do you advocate in the brief?

Mr. MacLea. We ask that you do away with paragraph 313, which is something that has worked, in a way, entirely different from the way it was intended, and which is putting a higher duty than was intended on a lot of cloths, namely, leno weaves and fancy Swiss weaves, that are not made in this country.

Mr. Fordney. What do you recommend in its place?

Mr. MacLea. That it be wiped out, and should not be there.

Mr. Bonynge. Under what paragraph, then, would the articles provided for in paragraph 313 be included?

Mr. MacLea. Paragraph 313 is a rider for paragraphs 304 to 310, inclusive. It was made to affect some of the goods in those paragraphs, and by its reading it has been construed to affect a great many goods not intended to be included. It was originally made to affect a class of weaving known as "lappets," but it is held to include a vast amount of leno weaves and Swiss sprigs, which is unnecessary and which deprives the Government of revenue, any way.

Mr. Fordney. Would we get as much revenue under paragraphs 304 to 310 if paragraph 313 was wiped out?

Mr. MacLea. We would get more.

Mr. Fordney. On the same quantity imported?

Mr. MacLea. Hardly on the same quantity imported, because the goods that this is held to apply to are still in litigation in the courts, and it may eventually be shown that the total amount of duty that the Government would get would be less than the two combined, paragraphs 304 to 309, plus paragraph 313.

Mr. Fordney. The suits are begun and pending because you believe the duties under paragraph 313 are too high?

Mr. MacLea. I did not catch that.

Mr. Fordney. Is it because you think the duties are higher than they would be under the other paragraph?

Mr. MacLea. No. Paragraph 313 is a paragraph that reads so as to cover goods that contain other than the ordinary warp and filling threads introduced in the process of weaving to form a figure, whether known as lappets or otherwise. It says that such goods shall pay, in addition to the goods in the preceding paragraph, an additional 1 cent per square yard if valued at not more than 7 cents per square yard, and 2 cents additional per square yard if valued at over 7 cents per square yard. They are still undetermined whether the groundwork of the fabric shall designate or determine the ad valorem duty or not. If the article costs 10 pence in England and it has this additional thread in it, which would make it 2 cents more under that wording, and it is so worded that it only covers the groundwork of the fabric, the total duty collected would be 40 per cent on the value of the groundwork and only 2 cents on the additional thread, which might be 40 per cent on 6 pence, the value of the groundwork—a duty of less than 40 per cent all told.

The Chairman. I think you will have to come back after recess, Mr. MacLea.

Mr. MacLea. I will just put in, then, these four or five other exhibits.

The Chairman. You can file them. Of course we can not print them. You can file them with the clerk. I want to ask some questions about them after recess.

The committee will now take a recess until 2 o'clock this afternoon.

(Thereupon, at 11.45 o'clock a. m., a recess was taken until 2 o'clock p. m.)

AFTER RECESS.

STATEMENT OF MR. R. K. MACLEA (RESUMED).

The Chairman. Have you finished your statement?

Mr. MacLea. I was about to add the other exhibits and refer to them, Exhibits C, D, E, F, and G, all of which further illustrate——

The Chairman (interrupting). I notice that you do not specify under what clause the articles now come in.

Mr. MacLea. Exhibit C——

The Chairman (interrupting). The one I saw did not state that; you say 50 by 56, not exceeding 100 threads to the inch. What does that mean?

Mr. MacLea. The count per square inch.

The Chairman. Then we can easily tell the clause it comes under in the tariff.

Mr. MacLea. Paragraphs 304, 305, 306, and 307, each go upon the amount of threads to the square inch and the duty assessed accordingly, increasing every 50 threads.

The Chairman. What is your business?

Mr. MacLea. Importer and merchant, and seller of American products—cotton goods.

The Chairman. Why do you suggest this change? I understand it does not change the duty according to your idea.

Mr. MacLea. It does change the duty.

The Chairman. Does it make it higher or lower?

Mr. MacLea. It makes it lower.

The Chairman. How much lower?

Mr. MacLea. Ten per cent, approximately.

The Chairman. What do you mean when you say 10 per cent, ad valorem or 10 per cent reduction in the duty?

Mr. MacLea. Ten per cent on the goods.

Mr. Gaines. Do I understand your position is that the whole cotton schedule is not well proportioned, and in addition to that that clause 313 results in a duty being charged on kinds of cotton cloth which were not intended to bear any duty at all, and which do not come in competition with any similar American product?

Mr. MacLea. They were not intended to bear any duty except under paragraphs 304 to 310, inclusive.

Mr. Gaines. And were not intended——

Mr. MacLea (interrupting). To come under paragraph 313.

Mr. Gaines (continuing). And pay a high additional duty as being cloth in which other than the ordinary warp and filling threads have been introduced in the process of weaving to form a figure?

Mr. MacLea. Yes, sir.

Mr. GAINES. In other words, figured cloth is now paying a duty which, in your opinion, it was never intended to pay, because it does not compete with anything made in this country. Is that the idea?

Mr. MACLEA. Exactly so.

The CHAIRMAN. You may file the exhibits with the clerk.

Mr. MACLEA. Very well.

STATEMENT OF MR. EDWIN D. METCALF, OF AUBURN, N. Y.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You may proceed, Mr. Metcalf.

Mr. METCALF. Mr. Chairman and gentlemen of the committee, I prepared a short brief and afterwards I will be glad to answer any questions that you may desire to ask.

Agreeable to your request, I herewith submit my views.

Paragraph 460, section 1 of the tariff law of 1897, is as follows:

> Plows, tooth and disk harrows, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators, thrashing machines, and cotton gins, twenty per centum ad valorem.

I would respectfully petition that all the articles covered by this paragraph be included in the free list with the following proviso, which is necessary to protect the small manufacturer:

> *Provided*, That articles mentioned in this paragraph, if imported from a country which lays an import duty on like articles imported from the United States, shall be subject to a duty of twenty per centum ad valorem.

That is necessary, particularly in the case of Canadian importations.

This proviso, we believe, will lead to the giving to manufacturers of this country equal advantage with others in foreign countries, as has been our experience with the same clause in paragraph 491, section 2.

The present tariff has not been absolutely prohibitive, as is shown by the following receipts and duty collected upon items covered by paragraph 460.

Fiscal year ended June 30—	Rate of duty.	Value.	Duty collected.	Ad valorem rate of duty.
	Per cent.			Per cent.
1898	20	$3,702.40	$740.48	20
1899	20	10,074.00	2,014.80	20
1900	20	5,407.95	1,081.61	20
1901	20	38,380.39	7,676.10	20
1902	20	44,900.05	8,980.03	20
1903	20	21,640.35	4,328.07	20
1904	20	17,068.55	3,413.71	20
1905	20	13,876.24	2,775.24	20
1906	20	24,785.68	4,957.13	20
1907	20	23,643.70	4,728.74	20

Practically everything that goes into the manufacture of agricultural machinery is protected by a protective tariff—steel, iron, lumber, paint, and varnish—and wages are from 40 to 125 per cent more in this country than in many European countries where agricultural machinery is made for the local market, but in spite of these handicaps the manufacturers of this country have fairly prospered and continued to improve the character and efficiency of their tools and

enlarge their factories until now the production far exceeds the requirements of this country, and for several years they have been compelled to seek a market in foreign countries to run their factories anywhere near up to their capacity, and we respectfully submit that any change in the present tariff on agricultural farm machinery should be shaped so as to enable us to market our surplus product in foreign countries on an equal basis with that of our principal manufacturing competitors in England and her colonies.

Duties.—The duty in foreign countries on the leading articles of export in this class are as follows:

Austria-Hungary.—Rate, 24 crowns per 100 kilos net weight, $4.80 per 220 pounds. Duty per grain binder, $33.60; reaper, $20.40; mower, $15.36; hayrake, $7.60. Twine, 12 crowns per 100 kilos or $2.40 per 220 pounds or $1.09 per 100 pounds. Imports from United States are entered under minimum rates.

Belgium.—Rate, 4 francs per 100 kilos net weight, $0.77 per 220 pounds. Duty per grain binder, $6.22; reaper, $1.65; mower, $1.25; hayrake, $1.39. No minimum rates.

Bulgaria.—Machines free; twine free.

Denmark.—Rate 2½ ore per Danish pound: $0.00658 per 1.102 English pounds. Duty per grain binder, $8.42; reaper, $5.39; mower, $3.95; hayrake, $2.23. Twine, 2½ ore per Danish pound or $0.508 per 100 pounds. No minimum rates.

France.—Rate, 15 francs per 100 kilos: $2.895 per 220 pounds. Duty per grain binder, $23.31; reaper, $12.36; mower, $9.35; hayrake, $5.20. Goods from United States are entered under maximum rates. The minimum duties per machine are: Grain binder, $13.90; reaper, $7.42; mower, $5.61; hayrake, $3.12. Twine, 12.50 francs per 100 kilos, $2.41 per 220 pounds, $1.097 per 100 pounds. Minimum rates: Ten francs per 100 kilos, $1.93 per 220 pounds, $0.877 per 100 pounds.

Finland.—Rate. 10.60 marks per 100 kilos net weight, $2.046 per 220 pounds. Duty per two-horse mower, $6.55; hayrake, $3.81. Twine, 7.10 marks per 100 kilos, $1.44 per 100 kilos, $0.655 per 100 pounds. No minimum rates.

Germany.—Rate, binders and reapers 4 marks per 100 kilos gross weight; mowers, $0.952 per 220 pounds; hayrakes, 8 marks per 100 kilos net weight, $1.904 per 220 pounds. Duty per grain binder, 10.47 marks; reaper, 5.48 marks; mower, 4.52 marks; hayrake, 4.30 marks. Twine, 8 marks per 100 kilos, $1.904 per 100 kilos, $0.866 per 100 pounds. These goods from the United States are entered under same rate as similar goods from other countries.

Great Britain.—Machines free; twine free.

Holland.—Machines free; twine free.

Italy.—Rate, binders and reapers, 9 lire per 100 kilos gross weight; $1.737 per 220 pounds. Rakes and mowers, 4 lire per 100 kilos gross weight; $0.772 per 220 pounds. Duty per binder, $18.59; reaper, $10.20; mower, $3.46; rake, $4.22; twine, 11.50 lire per 100 kilos, $2.20 per 100 kilos, $1 per 100 pounds. There is a reduced rate on mowers which applies to mowers from United States.

Norway.—Rate, 1 per cent on invoice value plus ocean freight, insurance, and landing charges; but can be declared free if no similar goods are made in Norway. Hayrakes only are charged duty. Duty per hayrake, about $2; twine, 5 ore per kilo, $0.614 per 100 pounds. There are no minimum rates.

Russia.—Rate, binders, reapers, hayrakes, free; mowers, 75 copecks per pood, net weight, or $0.387 per 36 pounds. Duty per mower, $7.03; twine, 1,080 pounds free with a binder; other R., $1.05 per pood, $1.53 per 100 pounds. United States goods are entered under minimum rates.

Roumania.—Rate, 2.50 francs per 100 kilos net, $0.482 per 220 pounds. Duty per binder, $3.65; reaper, $2.06; mower, $1.44; hayrake, 90 cents. Twine, 6.50 francs per 100 kilos, $1.255 per 100 kilos, 57 cents per 100 pounds. Goods from the United States are entered under the minimum rate.

Sweden.—Rate, 10 per cent on invoice value plus ocean freight, marine insurance, and landing charges. Duty per binder, $10.30; reaper, $5.10; mower, $3.04; hayrakes, $1.60. Twine, 10 ore per kilo, $1.228 per 100 pounds. There are no minimum rates.

Switzerland.—Rate, 7 francs per 100 kilos gross weight; $1.35 per 220 pounds. Duty per reaper, $7.56; mower, $6.22; hay rake, $3.21. No twine used. Imports from United States are entered under minimum rates.

Spain.—Rate, 10 francs sold per 100 kilos gross weight; $1.93 per 220 pounds. Duty per binder, $20.65; reaper, $11.33; mower, $8.65; hay rake, $4.69. Twine, 30 francs per 100 kilos; $3.96 per 100 kilos; $1.80 per 100 pounds. The United States enjoys the minimum rates.

Our manufacturers would prefer to make everything that they sell abroad in this country, but owing to the extensive duty and threatened discriminations in the tariff of some nations against the product of this country, there have been built factories in Canada and Sweden, and there will soon be built similar plants in Germany and France if they continue to sell goods in those markets, unless a favorable treaty can be ratified.

American farm machinery is wanted in foreign countries and commands a necessarily higher price than that manufactured locally at the native factories, due to their lightness of draft, adaptability to the service required, and general efficiency, and I believe that with a minimum and maximum duty, such as has been suggested, all foreign nations will treat us as well in tariff legislation as they do other countries, and we could still continue to enlarge the foreign business, thus giving employment to a larger number of employees in our factories as well as other industries, such as steel, iron, lumber, paint, and varnish, by the use of their products at home rather than to purchase abroad for the requirements of a foreign factory. Tools manufactured here and sold in foreign countries also furnish business for our bankers and shipping interests.

The CHAIRMAN. How long have you been engaged in the manufacture of these implements?

Mr. METCALF. Since 1890.

The CHAIRMAN. You were connected with D. M. Osborne & Co., of New York?

Mr. METCALF. Yes, sir.

The CHAIRMAN. At the time that you commenced your engagement with them, were they exporting to any extent?

Mr. METCALF. Our sales in 1890 were about $20,000.

The CHAIRMAN. Abroad?

Mr. METCALF. Yes, sir. Our exports had risen to over $3,000,000 a year.

The CHAIRMAN. They are $3,000,000 a year now?

Mr. METCALF. They were for that one company.

The CHAIRMAN. What means did your company take to obtain that trade abroad?

Mr. METCALF. We formed an organization in foreign countries the same as we had in this country. We visited the countries and learned what the people wanted and how they wanted their tools made, and made them as they wished them and did not try to compel them to take a machine which was known as a standard machine in this country.

The CHAIRMAN. Have you had difficulty with foreign tariffs?

Mr. METCALF. Very great difficulty.

The CHAIRMAN. In what countries?

Mr. METCALF. Particularly in France, Germany, and Austria. For instance, in Austria we are obliged to pay $33.60 tariff on a binder, $20.40 on a reaper, $15.36 on a mower, and $7.60 on a hayrake.

The CHAIRMAN. How much trade have you in Austria?

Mr. METCALF. We have not a very large trade in Austria, we have a larger one in France. In France we are obliged to pay the maximum duty, while England, who is our principal competitor in the foreign markets, is able to send her goods into France at the minimum duty. We pay on a grain binder $23.31.

Mr. GAINES. What does that binder retail for in this country?

Mr. METCALF. I can not tell you the exact retail price. It is, according to the section of the country, all the way from $125 to $135 We pay 15 francs per 100 kilos, while Great Britain is able to export her farm machinery to France for 9 francs per 100 kilos, and that makes a difference, for instance, on a grain binder of nearly $10. On a reaper we pay $12.36, while the English manufacturer only pays $7.42. On a mower we are compelled to pay $9.35, while England gets her mowers into France for $5.61. On a hayrake we pay $5.20, and England pays only $3.12.

The CHAIRMAN. You get in on the minimum duty in Germany?

Mr. METCALF. There is but one tariff on agricultural implements, but possibly next year there will be a maximum duty in Germany.

The CHAIRMAN. On agricultural implements?

Mr. METCALF. Yes, sir.

The CHAIRMAN. There is a minimum tariff now?

Mr. METCALF. Yes, sir; but there is a difference of opinion there in regard to agricultural implements. They are a very aggressive people and they copy our tools and then offer them as the product of the American factory, although made in Germany.

The CHAIRMAN. The Osborne Company was merged afterwards into the International Harvester Company?

Mr. METCALF. Yes, sir.

The CHAIRMAN. The International Harvester Company has a plant at Hamilton, Ontario?

Mr. METCALF. They have one there.

The CHAIRMAN. Are you exporting from Canada?

Mr. METCALF. We are.

The CHAIRMAN. To what countries?

Mr. METCALF. All the foreign countries and particularly to France. We are very much interested at the present time in the treaty between Canada and France.

The CHAIRMAN. You get the benefit of the minimum tariff in France for your Canadian concern?

Mr. METCALF. We do not now, but we shall under the treaty which is expected to be ratified between France and Canada.

The CHAIRMAN. At the present time you pay the maximum duty?

Mr. METCALF. Yes, sir.

The CHAIRMAN. And you have your foreign trade with your American plant?

Mr. METCALF. Yes, sir.

The CHAIRMAN. Mr. Miles stated that he had not tried to get the foreign trade for similar articles which he manufactured.

Mr. METCALF. He does not manufacture binders.

The CHAIRMAN. But harrows and plows?

Mr. METCALF. Yes, sir; the small goods he manufactures.

The CHAIRMAN. He stated that he was not able to because of the tariff wall; but you have been able to do so, notwithstanding the foreign tariff?

Mr. METCALF. Our people have.

The CHAIRMAN. He said that the tariff on his raw materials handicapped him so that he had not been able to sell abroad.

Mr. METCALF. Our combined companies have built up a foreign business amounting last year to $26,000,000.

The CHAIRMAN. What price do you get there in comparison with this country?

Mr. METCALF. Our export business is better than our domestic business, and that is why we have been making such a special effort to get into the foreign countries.

The CHAIRMAN. On the whole, the result is that your foreign business nets you a larger price for the same article than the price in the United States?

Mr. METCALF. It does.

The CHAIRMAN. You advocate that these articles be placed on the free list?

Mr. METCALF. Yes, sir.

The CHAIRMAN. Do you make any condition in reference to any articles which you use as a condition precedent to that—a revision in the tariff on steel or any other of the articles which you use?

Mr. METCALF. I think the fact that we have been able with the present tariff to build up a business abroad of $26,000,000 last year is the best answer possible to that question.

The CHAIRMAN. Twenty-six million dollars for all the plants?

Mr. METCALF. Yes, sir; for all the plants. I have some figures here to show that the prices are much less to-day than in the past.

The CHAIRMAN. On what?

Mr. METCALF. On the steel that we use a great deal of in our factory. I have here an advertisement torn out from a book issued September 13, 1899, showing the cost per pound of all raw materials going into our products, and I have in the same line, in red ink, the price of the same materials on November 26.

Mr. NEEDHAM. 1907?

Mr. METCALF. 1908.

The CHAIRMAN. What is the first date?

Mr. METCALF. The first date, when we were making a struggle for the foreign business, September 13, 1899.

The CHAIRMAN. Of course you will put those figures in with your statement?

Mr. METCALF. I will. I happened to find it in our scrapbook.

Mr. UNDERWOOD. If it is not too long, please read it.

The CHAIRMAN. Yes; we would like to have you read it.

Mr. METCALF. This was issued, before the formation of the United States Steel Corporation, in the Iron Metal Trades for September 13, 1899. We paid for foundry pig, No. 2, $22.25 in 1899.

The CHAIRMAN. For what?

Mr. METCALF. For foundry pig, No. 2, standard, Philadelphia market. To-day the price is $17.25. In 1899 we paid $20 for southern pig in the Cincinnati market, and it is $16.25 to-day. In 1899 we paid $21.50 for pig iron in Chicago, and now we pay $17. Bessemer pig was sold in 1899 at $23.25 and is now $17.40. Gray forge pig iron, Pittsburg, in 1899 we paid $20.50, and now it is $15.15. In 1899 we paid $23.50 for Lake Superior charcoal iron in Chicago, and now it is $19.50. As the chairman knows, we have had to buy billets for

years for our use, and therefore I include billets in this circular. We paid in 1899 for billets $38.50 a ton. To-day the charge is $25 a ton. We paid in 1899 $41 for steel billets in Philadelphia, and they are $26.20 now. We paid in 1899 $41 for steel billets in Chicago, and we pay now $26.25. We paid in 1899 $45 for wire rods in Pittsburg, and they are now $33. Finished iron and steel: We paid in 1899 $2.05 for refined iron bars, and we pay to-day $1.50. I think there is an inside price of $1.40 at the present time. At Youngstown we paid for common iron bars in 1899 $2, the price to-day is $1.50. In 1899 we paid for steel bars at Pittsburg $2.35, and the price to-day is $1.40. We paid for sheets in 1899 $3.40, and the present price is $2.50. For wire nails we paid in 1899 $2.80, and we pay now $1.95. In 1899 we paid for cut nails $2.40; the present price is $1.75. We paid for copper in 1899 $18.50; now it is $14.50. For spelter we paid in 1899 $5.50, and it is now $4.95. For lead we paid in 1899 $4.60, and now we pay $4.22½. For tin we paid in 1899 $32.75, and now we pay $30.25. We paid for nickel in 1899 $36, and the price now is $45; that is higher. For tin plate we paid in 1899 $4.82½, and the present price is $3.89. Those are all items that are used in our factory, and therefore in view of the statement made by Mr. Miles I was interested to look up and see whether during the time we were building up this foreign business our material cost us so much less than it does now.

The CHAIRMAN. Your idea is that Mr. Miles could send his things abroad and get the trade?

Mr. METCALF. Mr. Miles is a personal friend and competitor of mine in some lines and I do not want to say anything derogatory about Mr. Miles's judgment, but he and I are rather divided on the methods and ways of getting business abroad. The way to get it is to go there and find out what the people want and build it for them.

The CHAIRMAN. Go after it?

Mr. METCALF. I have found in this foreign business in central Russia—I used to go there every year—circulars and letters sent out by other manufacturers of agricultural machinery, written and printed in the English language, and sent to places where they did not have even an English interpreter, and they expected to get business by that method abroad. The same thing has been done in all parts of Europe, but I have seen it in central Russia myself.

The CHAIRMAN. Have you made any use of the drawback clause in exporting?

Mr. METCALF. We have. We have a rolling mill in Auburn. We have always watched the foreign market on pig iron and steel billets, and we probably have imported more steel and more pig iron into the Auburn factory than almost any other manufacturer of agricultural implements, for two reasons—it is near the seaboard and they import and export, and we found it decidedly to our advantage in the foreign business. It places us nearer the competitive prices of our competitors abroad.

Mr. GAINES. Do you get the rebate?

Mr. METCALF. The refund of duty.

Mr. GAINES. The refund of duty?

Mr. METCALF. Yes, sir; on our exports.

Mr. GAINES. I understood Mr. Miles to say that that was impracticable if a person does do a business larger than to employ 1,500 hands. What would you say about that?

Mr. METCALF. It is feasible and open to any man employing 100 hands, as I understand the law, although we have 3,500 men at our factory at Auburn; but the same thing is feasible to anyone, no matter how small his factory is, if he keeps a strict account of the imported material and how he uses it in his factory.

The CHAIRMAN. You say that you looked into it and got onto the right track and learned to keep the books and accounts properly. After you got to that point you had no difficulty in getting the proper allowance for drawback?

Mr. METCALF. I asked the Treasury to send a special agent up there to give us special instructions. I felt that was important to our interests.

The CHAIRMAN. I think your office went so far as to send a special agent up there?

Mr. METCALF. That is what I stated.

The CHAIRMAN. In order to get the right information?

Mr. METCALF. Yes, sir.

The CHAIRMAN. After that you had no difficulty?

Mr. METCALF. No difficulty; a very great advantage.

The CHAIRMAN. The Johnson Harvester Company is a small concern, is it not?

Mr. METCALF. They do not consider themselves very small.

The CHAIRMAN. I know, but it is small in comparison with the International Harvester Company?

Mr. METCALF. Yes, sir.

The CHAIRMAN. It is one of the independent companies?

Mr. METCALF. Yes, sir.

The CHAIRMAN. And about the average size of the other companies, aside from the International Harvester Company?

Mr. METCALF. Yes, sir.

The CHAIRMAN. In a brief which they have filed I notice they say that their industry is rather unprotected, and they speak of the difficulties of getting a part of the trade in the foreign markets. They seem to think, in their brief, that you have an advantage over them because of your Canadian factory. As I understand you, the tariff in France is the same as to Canada and the United States up to date?

Mr. METCALF. It is.

The CHAIRMAN. But it is expected that a treaty will be made soon that will give Canada the benefit of the minimum rate of duty?

Mr. METCALF. It is. Sir William Fielding, the minister of finance of Canada, told me that they never would have considered that had it not been for the minimum and maximum tariff of Canada; that that was the means by which they were able to make that treaty. They are getting in under it because of the minimum and maximum tariff of their own.

The CHAIRMAN. As a practical man, is it your opinion that with a minimum and maximum tariff we will be able to make better trade agreements with the other nations that have the same kind of tariff?

Mr. METCALF. It is. There is a difference of opinion, Mr. Chairman, on that subject. I am one of those who believe that we should

have a uniform tariff for everyone and then a maximum tariff for those nations that do not give us a fair deal with other nations.

The CHAIRMAN. By a uniform tariff, what do you mean, a protective tariff?

Mr. METCALF. A protective tariff which will protect our industries, and then a still higher tariff for those nations which will not enable us to sell our products in their countries on an equal basis with Great Britain.

The CHAIRMAN. You have been pretty intimately connected with the foreign business in this concern, have you not, for a number of years?

Mr. METCALF. Yes, sir.

The CHAIRMAN. Frequently going abroad and visiting all your agencies there, or most of them?

Mr. METCALF. Almost every year.

The CHAIRMAN. And at the same time you have given personal attention to the details of manufacturing at home, not so much in later years, but formerly, giving particular attention to the details of manufacturing, so as to become acquainted with the cost price of the business all through?

Mr. METCALF. As general manager, it was my business and I did it.

The CHAIRMAN. When you went abroad, did you make any inquiry as to the cost of production there of similar tools?

Mr. METCALF. I did.

The CHAIRMAN. And you say that American machine tools sell better and at a better price in that market than the foreign-made tools?

Mr. METCALF. Yes, sir; they are lighter and better adapted for the purpose for which they are intended. We lead all nations in the constructing and building of agricultural implements.

Mr. FORDNEY. I understood you to say that the price of steel to-day is less than it was before the formation of the United States Steel Corporation?

Mr. METCALF. Yes, sir; it is.

Mr. FORDNEY. Mr. Miles stated the other day that he could not exist and do business and ship his goods unless the duty was taken off of steel, because the Steel Trust controlled the market, and the price was so high that he could not buy their product and ship abroad. I think that was the statement he made. You do not agree with him?

Mr. METCALF. That is not my experience, and we have a very large business. Mr. Miles has not.

Mr. CRUMPACKER. I have had a few letters from manufacturers of farm implements in Indiana—I got one yesterday from Richmond—making the complaint that Mr. Miles made. They state that the steel, iron, lumber, and leather which they use has been going up year after year and year after year until the price had absorbed practically the entire profit. Garr, Scott & Co. wrote me to the same effect three or four weeks ago. That is an old concern, and probably you are acquainted with them?

Mr. METCALF. I know Mr. Garr.

Mr. CRUMPACKER. Joseph Oliver, of South Bend, says the same thing. The M. Rumely Company and Ward, Dickey & Co. have written me along the same line, and some of them have given figures.

Do you now say that the steel and iron used by the manufacturers of agricultural implements are lower than they were some years ago?

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. Has the price been going down?

Mr. METCALF. Since the formation of the United States Steel Corporation the price of steel has been more uniform and has not fluctuated as much as it did prior to that time. We were particularly interested in this subject because we had a rolling mill.

Mr. CRUMPACKER. For a ten-year period has the average price been as low since the formation of the United States Steel Corporation as it was before in a like period?

Mr. METCALF. I do not think so, for the reason that the past five years have been very prosperous and there has been a demand beyond the possibility of production in some lines of goods.

Mr. CRUMPACKER. Another question about lumber: Has the price of the lumber which you use gone up or down or been stationary?

Mr. METCALF. The duty is $2 a thousand, and the price has increased very much more than $2.

Mr. CRUMPACKER. Now, you use some leather?

Mr. METCALF. We do not.

Mr. CRUMPACKER. You recommend an abolition of the duty on farm implements, do you not?

Mr. METCALF. I do.

Mr. CRUMPACKER. What for?

Mr. METCALF. So as to open the markets of all nations on an equal basis so as to increase our foreign business.

Mr. CRUMPACKER. That we have but one tariff for foreign manufacturers and treat them all alike, and you think that if we would abolish that tariff we can get better trade conditions in foreign countries?

Mr. METCALF. With the proviso which I recommend, which is very important.

Mr. CRUMPACKER. That is the retaliatory provision.

Mr. METCALF. If we do not get the same treatment then they shall pay the 20 per cent tariff.

Mr. CRUMPACKER. Would it be any inducement to the foreign manufacturer of farm implements to open a market here for him when he can not compete successfully with you in his own market?

Mr. METCALF. There are some nations that would probably send some goods to this country.

Mr. CRUMPACKER. Why did you build your Canadian plant?

Mr. METCALF. Because of the Canadian duty.

Mr. CRUMPACKER. Do you manufacture any cheaper in Canada than in the United States?

Mr. METCALF. We do not.

Mr. CRUMPACKER. As cheaply?

Mr. METCALF. Comparatively.

Mr. CRUMPACKER. Can you manufacture cheaper than the English manufacturer or the German manufacturer?

Mr. METCALF. I think we can. Otherwise we could not compete with them in Germany and also in England.

Mr. CRUMPACKER. About labor, the price of labor is higher here than in England and Germany?

Mr. METCALF. Yes, sir; it is.

Mr. CRUMPACKER. By manufacturing upon a large scale it enables you, with others, to make your products cheaper than your foreign competitor who has the cheaper labor?

Mr. METCALF. We have improved methods in this country in almost every industry which help our industries.

Mr. CRUMPACKER. You have not been able to do that simply on account of the tariff on iron and steel?

Mr. METCALF. I can not see how the tariff is responsible for the fluctuations of iron and steel. for the reason that I have paid, and every other manufacturer in this country has paid, as low as $10 for pig iron, and it has been as high as $25. Within the last ten years, since the Dingley bill was framed, there has been a difference of $15 between the prices and only $4 tariff; therefore I am one of those who believe that the fluctuation is largely the result of demand and supply.

Mr. CRUMPACKER. At the time that the price went high, if we had no tariff some of our consumers might be able to import products, and would not that tend to prevent the violent fluctuations?

Mr. METCALF. If the fluctuation was so large the tariff would not have any effect. We were the only people importing pig iron at that time.

Mr. CRUMPACKER. Iron and steel fluctuate in the foreign markets nearly as much as here?

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. You are a member of the International Harvester Company?

Mr. METCALF. I am employed by it.

Mr. CRUMPACKER. And you have an establishment at Auburn?

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. It is a constituent of that organization or combination.

Mr. METCALF. I sold it to them.

Mr. CRUMPACKER. How many establishments are in that combination?

Mr. METCALF. I do not know—5 or 6. I think they claim they have 5 companies.

Mr. CRUMPACKER. Five of the largest companies?

Mr. METCALF. We were not in originally. We sold out to them.

Mr. CRUMPACKER. You were a competitor for some time.

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. Do you know the capitalization of the International Harvester Company?

Mr. METCALF. I do.

Mr. CRUMPACKER. How much is it?

Mr. METCALF. One hundred and twenty million dollars.

Mr. CRUMPACKER. Do they have the Deering establishment?

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. What others?

Mr. METCALF. The McCormick, the Deering, the Planing, and the Milwaukee. There were five companies originally organized as the International Harvester Company.

Mr. CRUMPACKER. They manufacture perhaps a majority of the reapers and mowers manufactured in the United States?

Mr. METCALF. They do.

Mr. CRUMPACKER. What percentage of the total output of this country does that big concern manufacture?

Mr. METCALF. I can not give the exact percentage.

Mr. CRUMPACKER. Could you approximate it?

Mr. METCALF. Never more than 50 per cent.

Mr. CRUMPACKER. Then you have another corporation called the "International Harvesting Company of America?"

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. That is the selling company?

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. So that the International Harvester Company manufactures the product and turns it over to the International Harvesting Company of America, who sells the product?

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. You manufacture especially for the foreign market in many lines?

Mr. METCALF. We manufacture for the domestic and also the foreign market.

Mr. CRUMPACKER. You stated a little while ago that the way you worked up your foreign trade was by going into the country and studying the conditions and habits and customs of the people and making what the people wanted?

Mr. METCALF. I did.

Mr. CRUMPACKER. So that, in a way, a portion of your output is designed and calculated to meet the foreign conditions?

Mr. METCALF. It is.

Mr. CRUMPACKER. A small institution manufacturing agricultural implements could not afford to do that. Take an institution like the one that Mr. Miles has; it could not afford to change the mode, style, and fashion of its output to meet the conditions abroad?

Mr. METCALF. Much smaller ones than Mr. Miles's claim to be doing it.

Mr. CRUMPACKER. I am speaking now of the ordinary manufacturing establishment in this country, what we call the small establishments like Garr, Scott & Co., of Richmond, Ind., which has but one model, perhaps, which they manufacture for the American market. They could not tell during the year how much of their product they sell abroad and probably could not afford to buy imported material, pay the duty, and keep track of it all the way through. They sell their surplus abroad as a rule?

Mr. METCALF. We do not.

Mr. CRUMPACKER. I know you have a great gigantic concern which manufactures more than 50 per cent of all the farm implements in America, and that is a tremendous volume of business, of course. Of course you can afford, with that large business, to make a specialty of the foreign trade with your $120,000,000 of capital, but a small concern out in Indiana with $75,000 capital can not afford to do that, can it?

Mr. METCALF. It can if it makes a specialty of it. I know of a company in Syracuse which manufactures some of the same lines of goods that Mr. Miles manufactures, and they have been able to do a large business by the same methods and ways we have. Mr. Manning, their treasurer, has been to Europe or South America every year.

Mr. CRUMPACKER. Do you think if the duty is taken off of farm implements that it would not hurt such institutions as I have described?

Mr. METCALF. Not with the proviso. So far as the International Harvester Company is concerned, I think I express their views when I say that it will not make any difference to them whether the duty is changed or not. They are so well intrenched now abroad and home that it is immaterial, but it will be an advantage to every concern to have the tariff off, in my opinion, with the proviso.

Mr. CRUMPACKER. Every concern that trades in the foreign markets; but most of the institutions in this country have no foreign trade. These small independent plants scattered throughout the country, practically the only competition you have, would they suffer any if the tariff was taken off?

Mr. METCALF. I do not think so with the proviso.

Mr. CRUMPACKER. That proviso would not help them any because they do not go into the foreign markets.

Mr. METCALF. You think that there would be imported agricultural implements under the tariff as suggested by me. I do not believe they would be imported. I believe that will protect us against Canada, which is really the only nation that we have to fear.

Mr. CRUMPACKER. They would be imported if the prices were such as to justify it, but if the prices were so low as to keep them out, would it not starve out these independent concerns?

Mr. METCALF. I do not think so.

Mr. CRUMPACKER. Now, in regard to iron and steel, it has been stated that the large institution could stand a reduction, but the small independent concerns could not. Now, you represent the one great mammoth agricultural manufacturing concern and you say that you can stand an entire abolition of the duty, but I would like to know about the small independent concerns who could not afford it.

Mr. METCALF. I think Mr. Garr would tell you the same thing that I have.

Mr. CRUMPACKER. He has been persistently insisting that the duty should be cut down on lumber, iron, steel, and leather.

Mr. METCALF. I do not object to that. I am not appearing on the iron and steel schedule. The question has been asked me if it was possible to go into the foreign markets with the present market price of iron and steel, and I said yes, that I got in at their price.

Mr. CRUMPACKER. You got in?

Mr. METCALF. I started with $20,000 in a single business and I built up a business of $3,000,000 a year when I sold out.

Mr. CRUMPACKER. What company was that?

Mr. METCALF. D. M. Osborne & Co.

Mr. CRUMPACKER. I have seen that reaper.

Mr. BONYNGE. You stated that you sold the same goods abroad at a better price than you sold them in the United States?

Mr. METCALF. That is correct.

Mr. BONYNGE. Do you sell in any of the countries abroad for less than you do at home?

Mr. METCALF. We do not.

Mr. BONYNGE. You were not speaking of it as a general business, but that relates to all the different articles?

Mr. METCALF. Every one.

Mr. FORDNEY. Do you advocate a reduction of the duty on any of the raw materials that you use—lumber, iron, steel, and coal?

Mr. METCALF. I am not advocating anything in the shape of a reduction on other lines than my own. I do not believe it is necessary for me or my interests to sacrifice some other person's interest for us to go into the foreign markets.

Mr. FORDNEY. You use those raw materials?

Mr. METCALF. Yes, sir.

Mr. FORDNEY. You do not express yourself as being in favor of reducing the duty on any of those articles?

Mr. METCALF. I do not wish to express an opinion, because I do not wish to sacrifice another man's business for my own.

Mr. FORDNEY. That is fair. I have a letter from one of your competitors, and he thinks and he says that he needs the greatest quantity of protection to manufacture his product, but he wants lumber, iron, steel, and coal on the free list.

Mr. DALZELL. He is generous.

Mr. FORDNEY. He says his institution needs protection. He says that the manufacturers in the Middle and Western States must have protection in order to protect the labor, but he wants the raw materials all on the free list.

Mr. METCALF. I only appear in connection with the statement that we could not do foreign business. I differ decidedly with that statement, and the facts and figures which I have submitted here I believe justify our position.

Mr. FORDNEY. I think you are fair.

Mr. RANDELL. You stated that you favored taking the duty off of binders?

Mr. METCALF. Yes, sir.

Mr. RANDELL. Is that the only article?

Mr. METCALF. The full line.

Mr. RANDELL. The full line?

Mr. METCALF. Covered by paragraph 460, section 1, which includes plows, tooth and disk harrows, harvesters, reapers, agricultural drills and planters, mowers, horserakes, cultivators, thrashing machines, and cotton gins. The present duty is 20 per cent ad valorem.

Mr. RANDELL. You are engaged in the manufacture and sale of these articles?

Mr. METCALF. Yes, sir.

Mr. RANDELL. When you say you are engaged, you mean the International Harvester Company?

Mr. METCALF. Yes, sir; and the company I was formerly connected with.

Mr. RANDELL. That company practically has the control of the market for such things now in this country?

Mr. METCALF. I do not think so.

Mr. RANDELL. What companies, if any, have control?

Mr. METCALF. No one has control of the market. It is a free market to everyone.

Mr. RANDELL. I do not know whether you understand me or not. Is there any such condition that practically that company can command the price and thus fix the price that is maintained in this country on these different articles?

Mr. METCALF. I think they act independently and fix what they believe is a fair price. I know the competitors have complained for several years that they did not advance their price as much as they ought to.

Mr. RANDELL. That is hardly an answer to my question. I think you know what I am driving at. This company is either in a position where it can practically fix the price or it is not in such a position.

Mr. METCALF. They can not fix the price over all of their competitors. They can control only their own price.

Mr. RANDELL. I understand that they make the price, and any other persons engaged in the same business understand that they had better adopt that price or otherwise they will have a war of competition that might sweep them out of the market altogether, and therefore, just as a matter of common sense, looking at the situation as it is, they try to avoid a war of competition by adopting the price that your company names.

Mr. METCALF. I do not think that condition exists on the sole ground that there has been a war on for the last twenty years. To my knowledge, for the last twenty years there has been conflict between the different manufacturers.

Mr. RANDELL. Is it not a fact that one of the companies that you are interested in was declared a trust in the State of Texas and pleaded guilty and has been excluded from the State?

Mr. METCALF. That is a western proposition with which I am not familiar.

Mr. RANDELL. Your company covers the whole country?

Mr. METCALF. I am located at Auburn and am particularly interested and acquainted with the facts at Auburn.

Mr. RANDELL. You are at Auburn, N. Y. You do not know anything about the International Harvester Company being adjudged a trust and excluded from Texas?

Mr. METCALF. I do not know.

Mr. RANDELL. Nor the other company that does the selling?

Mr. METCALF. I do not.

Mr. RANDELL. The International Harvesting Company of America?

Mr. METCALF. I do not.

Mr. RANDELL. You do not know anything about that?

Mr. METCALF. I do not.

Mr. GAINES. Is it a fact that the International Harvester Company was declared a trust?

Mr. RANDELL. That is my recollection from the newspaper. I do not wish to make a statement here reflecting upon any institution, but I know that there was some international harvesting company, either the one which manufactures or sells, which got into trouble, and, from my understanding, was excluded from the State.

Mr. GAINES. How long ago?

Mr. RANDELL. Last year or the first part of this year. I will communicate with the attorney-general.

Mr. GAINES. What was the effect on the price?

Mr. RANDELL. This was a special investigation, and I do not think it cut the price down.

Mr. BOUTELL. Right there, on that point. On the supposition that there is a harvester trust, and on the supposition that the organization of that trust is due to the tariff, and on the supposition that there is a dictation of price, and on the supposition that the tariff made that possible, I understand that you are here asking that the duty be repealed?

Mr. METCALF. I am here stating the case.

Mr. BOUTELL. Exactly. So, if this is all due to the tariff, you are here asking us to put an end to it?

Mr. METCALF. Yes, sir.

Mr. RANDELL. I will write to the attorney-general and get a statement from him as to what did take place, and I will file it with the committee.

The CHAIRMAN. Your proposition does not seem to fit anybody, Mr. Randell.

Mr. RANDELL. I want to prove that, Mr. Chairman.

The people who have large interests in the International Harvester Company and the International Harvesting Company of America also have large interests in the outside companies?

Mr. METCALF. I do not know.

Mr. RANDELL. The cost of your articles manufactured in America depends very largely upon the cost of iron and steel and the various things that enter into their manufacture?

Mr. METCALF. Yes, sir.

Mr. RANDELL. The tariff is an element which you recognize either does or can be used to increase that price, does it not?

Mr. METCALF. I do not see how, when the price varies from $10 to $25, a difference of $15, and the tariff is only $4.

Mr. RANDELL. That is not an answer to my question. It can be used or it can not be used by the consumer of that raw material? The tariff on the raw material would not tend to lower the price?

Mr. METCALF. Not necessarily.

Mr. RANDELL. It is an instrument which if used at all with any effect would be used to raise the price of material out of which you manufacture your product?

Mr. METCALF. That is not the record.

Mr. RANDELL. I am not arguing the matter. I want to get an answer to my question. Please answer yes or no. If such an instrument was used at all, it would have to be used to raise the price and not lower it?

Mr. METCALF. It might be.

Mr. RANDELL. You are here advocating the maintenance of such a power in the hands of those from whom you buy your raw material?

Mr. METCALF. No, sir.

Mr. RANDELL. You are here advocating the taking away of the tariff wall so far as your product is concerned, but are willing that the tariff on the other things should stand as it is. That is your position.

Mr. METCALF. I do not believe——

Mr. RANDELL (interrupting). You can answer that question "yes" or "no."

The CHAIRMAN. He has a right to answer it in his own way.

Mr. RANDELL. Have you any objection to answering a question "yes" or "no?"

Mr. METCALF. I prefer to hear the question.

Mr. CRUMPACKER (to Mr. Randell). That is hardly fair.

Mr. RANDELL. I think my question will be fair. My question is this: You are here, then, advocating the abolition of the tariff on your products, but are willing that the tariff should remain on all the raw material that you use, just as it is?

Mr. METCALF. I advocate the taking off of the tariff on our goods, and we feel that the foreign market is open to us at the present price of the raw material, as was stated before; others feel that the competitors of ours can not go into the foreign market without taking off all the duty on the materials which enter into their products.

Mr. RANDELL. You are willing that the duty on these articles which you manufacture should remain as it is?

Mr. METCALF. It is necessary for us to go to the foreign market, and therefore we do not——

Mr. RANDELL. But you are willing that the duty shall remain as it is, as far as you are concerned?

Mr. METCALF. Yes, sir.

Mr. RANDELL. You manufacture in Canada?

Mr. METCALF. Yes, sir.

Mr. RANDELL. If there is no tariff on these farming implements and machinery you can bring in your manufactured articles from Canada without any obstruction from the tariff and, of course, compete with the manufactured articles in this country, could you not?

Mr. METCALF. Not with the very proviso which I recommend should accompany the free list. If our goods go on the free list, it can only be done safely for the small manufacturer by the proviso which I suggest. As long as Canada has a duty of 20 or 25 per cent against us our Canadian products would have to pay a duty into this country.

Mr. RANDELL. But if they do not pay it?

Mr. METCALF. It is necessary to have it for the protection of the small manufacturer.

Mr. RANDELL. You manufacture in Canada and in the United States?

Mr. METCALF. Yes, sir.

Mr. RANDELL. And you are reaching out for the foreign market?

Mr. METCALF. Yes, sir.

Mr. RANDELL. You would not expect to manufacture in the United States with a tariff on the raw material that you use and to send those articles to foreign countries, instead of manufacturing in Canada and sending those articles to the foreign countries?

Mr. METCALF. There is a higher duty in Canada than in the United States. On pig iron they have to pay $3 bonus on every ton, $3 higher than in this country.

Mr. RANDELL. Have you considered whether or not it is to the interests of those manufacturing the goods to take off the tariff on harvesters and other implements you manufacture, farming machinery, and to leave it on the raw material that is used in the manufacture of those articles in this country?

Mr. METCALF. As far as the harvester company is concerned, they look upon it as immaterial whether the duty remains as it is or is changed as suggested by me.

Mr. RANDELL. I will ask you if that does not necessarily mean that they have a hold on the market in some way that makes them independent of the tariff and independent of competition?

Mr. METCALF. They have competition.

Mr. RANDELL. Just put it this way. I am trying to get at the facts. If you were a farmer, if you represented the farming element of this country, which uses and buys these things——

Mr. METCALF (interrupting). I have been.

Mr. RANDELL. Knowing what you know about this matter, would you advocate what you advocate here?

Mr. METCALF. I certainly would.

Mr. RANDELL. You would advocate keeping the duty on the raw material that enters into the manufacture of these farming implements?

Mr. METCALF. I am not here advocating that. I say that it is immaterial to us in getting our foreign business.

Mr. RANDELL. If you were speaking in the interests of the consumers of this country, would you from that standpoint, at the same time that you advocate the abolition of the duty on harvesters and other farming implements and machinery, advocate the abolition of the duty on the raw material that goes into those articles?

Mr. METCALF. If I believed, which I do not, that the tariff was responsible for the fluctuation of prices of the raw material.

Mr. RANDELL. I say, if you believed that the tariff affected the price, whether it influenced the fluctation or not, you would be in favor of the abolition of it, would you not?

Mr. METCALF. I answered the question; if it affected another industry, I would not.

Mr. RANDELL. I am speaking simply of this industry, so far as that industry is concerned.

Mr. METCALF. But you can not impair and injure a large interest without affecting all of us——

Mr. RANDELL. Then, you give it as your opinion that it would wrongfully and improperly and injuriously affect the coal and lumber interests, if the tariff was taken off iron and lumber?

Mr. METCALF. I am not here advocating that.

Mr. RANDELL. Then why keep that matter up, when I am merely talking about the interests of another class?

Mr. METCALF. I am not here advocating a reduction of tariff on other lines than our own. I am not here advocating a retention of the tariff——

Mr. RANDELL. Do you know of anybody else in the manufacture of any other article that has ever come before this committee or before any other power and asked that the tariff be taken off of their manufactured article, and at the same time was willing for the tariff to be on the raw material they use to manufacture the article? Have you ever known such a thing before?

Mr. METCALF. Because, Mr. Randell, the prosperity of our company depends, as much as that of any other company in the United States, upon the general prosperity of this country.

Mr. RANDELL. Do you not know that they all claim that if there is a tariff on the raw material they have to have a corresponding tariff on the manufactured article, or else it would abolish the manufacture of the article in this country?

Mr. METCALF. There is a difference of opinion among manufacturers.

Mr. RANDELL. In England they might make the machinery, and make it in a free market, and bring it in here and sell it in a free market against the manufacturer here.

Mr. METCALF. We will take our chances on that.

Mr. RANDELL. Does that not show, to use a slang expression, that you have a cinch on the thing, independent of what the tariff may be on the raw material? That would be one of the methods to help break down the wall between this country and the other countries, and at the same time hitting at the steel trust and the lumber trust.

Mr. METCALF. We are entirely independent of the steel trust. As a matter of fact, we do not buy any steel or iron of them.

Mr. RANDELL. How long have you been out of the business?

Mr. METCALF. We are manufacturing now.

Mr. RANDELL. Is there not a blending of interests here of harvesters and other farming implements, and of lumber and iron and steel and of other products, and of the railroads and all that; do you not represent somewhat of a blended interest along those lines?

Mr. METCALF. We have railroads and we have lumber interests; we have ore beds; we have rolling mills; and we have steel mills. Therefore there is a certain blending of our interests.

Mr. RANDELL. And when those who own the lumber cut it out of the forests and those who dig the ore out of the mines and manufacture these things then have the transportation business and fix the tariffs to suit themselves, what does the consumer get? If you can answer that question, I will be through.

Mr. METCALF. The past is the best criterion of the future, and prices have not advanced on agricultural implements in proportion to what they have in other lines.

Mr. RANDELL. The price has not advanced on coal oil, either, but that does not keep it from being a trust and injurious to the public.

Mr. METCALF. There is no line of goods made in the United States that is made as cheap, for the amount of labor and amount of material in it, as agricultural implements to-day.

Mr. RANDELL. Do you think the liberties of the people depend on how cheap they can get something sold by the trusts or upon the freedom each man has in the race of life and not to be hampered by somebody that has a monopoly or by somebody who has the people in his power?

Mr. METCALF. There is nothing in the present conditions to prevent anybody from going into the business.

The CHAIRMAN. In order to properly connect the railroads, is it not a fact that your company owns a railroad near Auburn about a mile long?

Mr. METCALF. Yes, sir.

Mr. CRUMPACKER. And one in Chicago probably about 3 miles long?

The CHAIRMAN. I wanted to bring that out so as to properly connect the railroads in this blending.

Mr. RANDELL. I was not intending to get on anybody's toes, politically or otherwise, in reference to this matter, but trying to find out whether there was, as I believed, a combination of the various capi-

talized corporations in this country to control the business of the country. It is a matter the people are interested in.

The CHAIRMAN. If you think by that question you have got onto his toes, proceed.

Mr. RANDELL. I thought perhaps I had got off his toes——

The CHAIRMAN. I would like to ask you whether you object to taking this duty off?

Mr. RANDELL. No, sir.

The CHAIRMAN. I thought you did from the tone of your inquiry?

Mr. RANDELL. No. I can express my position. I am in favor of taking the tariff off all farming implements, tools, and machinery; and I am in favor of a tariff that will then give to the manufacturer, the honest manufacturer in this country, a chance to manufacture those things. Therefore, I am in favor of taking the tariff off the raw material. I will ask you, if you will pardon me, are you not in favor of the same thing, or are you against it?

The CHAIRMAN. I did not understand all you said in regard to your position.

Mr. RANDELL. My position is that I am in favor of taking the tariff off.

The CHAIRMAN. I want to say right here that this side of the House, having some responsibility in regard to the making of the tariff bill, before we make any tariff bill, I, for one, am not declaring myself on any proposition. Wherever I have declared it publicly before I have not hesitated about the matter, and I do not hesitate now to say so; but on these other propositions—I am not standing alone—I want to consult with the other Members——

Mr. RANDELL. I am much obliged for the compliment the chairman has paid me. I understand him to say that he wants to consult me before making his mind up. I hope he will profit by that consultation in the making up of the bill.

Mr. CRUMPACKER. Do you manufacture steel and iron for the trade or just for your own use?

Mr. METCALF. Just for our own use.

Mr. CRUMPACKER. Do you manufacture substantially all that you use yourself?

Mr. METCALF. When I said for our own use—we do sell some surplus product, but not very much.

Mr. CRUMPACKER. To whom?

Mr. METCALF. To other agricultural-implement concerns and other concerns.

Mr. CRUMPACKER. Do you manufacture substantially all of your own iron?

Mr. METCALF. Practically.

Mr. CRUMPACKER. So you do not buy iron in the trade, in the market, like these independent manufacturers do?

Mr. METCALF. We do not.

Mr. CRUMPACKER. That is all.

Mr. RANDELL. One question on that line. Then, if the tariff was to remain on this raw material, you, being a producer of it, can manufacture just the same as if there is free trade along that line, but your competitor would have to buy his raw material under the tariff and would not have an opportunity to sell as against you; is not that the fact?

Mr. METCALF. As a matter of fact our iron and steel business is entirely separate, and our agricultural-implement business pays the same as any other agricultural-implement concern in the United States.

Mr. RANDELL. I thought you said that you did it; in other words, that you have one pocket as a manufacturer and another pocket in which you have raw materials. That is all.

The CHAIRMAN. Your competitors do manufacture and sell abroad as well as yourself?

Mr. METCALF. Many of them.

Mr. NEEDHAM. Why is it that steel is so much cheaper now than in 1899, and these agricultural implements are so much higher?

Mr. METCALF. I do not think they are.

Mr. NEEDHAM. Is it not a fact that mowers and reapers and wagons are higher than they were in 1899?

Mr. METCALF. No, sir.

Mr. NEEDHAM. That is generally supposed to be the fact, is it not?

Mr. METCALF. There were a good many stories told during the campaign that can not be backed up by facts.

Mr. RANDELL. There is no doubt about that. If that had not been the case the election would have been different.

Mr. LONGWORTH. Have you a market in China and Japan?

Mr. METCALF. We have not. There is very little grain cut there, and we do not go anywhere where grain is not cut.

Mr. LONGWORTH. There is a good deal of grain cut in Manchuria.

Mr. METCALF. We go to Manchuria, but we call that a Russian province and not Japanese.

STATEMENT OF HON. DUNCAN E. M'KINLAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA.

(The witness was duly sworn by the chairman.)

Mr. MCKINLAY. I simply want to supplement the testimony given by Mr. Woodward, of California, representing the California hop growers. I received a communication from Mr. Woodward the other day, and he writes that in considering the question of an increased duty on foreign hops there has been one phase of that that has not been presented to the committee, and that is the question of additional revenue for the support and maintenance of the Government. He writes:

> I respectfully submit that the question of an increase of duty from 12 cents to 24 cents per pound will in a small measure assist in increasing the revenue required. This increase will not eliminate the importation of hops grown in Germany or Austria altogether, but in the judgment of those best able to give an opinion upon the matter will not reduce that importation over 50 per cent. Therefore the revenue from the 50 per cent will amount to as much as the present revenue derived from the present importations, and afford some protection to the growers who are now seriously distressed. No one is objecting to the increase proposed and the hop growers submit that this increase in duty is one of the few that can be made by your honorable body without injury to anyone or objection by anyone, and at the same time furnish as much revenue to the Government as it does at present, if not more, and afford protection to the American hop growers.

He wished me to supplement what he said by presenting that to the committee.

STATEMENT OF HON. F. W. MONDELL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. I see that there are three gentlemen besides yourself, Mr. Mondell, on the list from Wyoming, and one from Chicago, in reference to the coal subject. Does each gentleman here wish to be heard?

Mr. MONDELL. The two gentlemen here who are operators in Wyoming would like to be heard briefly in regard to the coal tariff, and it was my desire to very briefly present the coal situation in the Rocky Mountain country to the committee before these gentlemen were heard, if I may have that opportunity. I will endeavor to be very brief, gentlemen of the committee.

I appear before the committee in favor of the coal industry of the northern Rocky Mountain region.

I do not desire to have the committee understand by reason of the fact that I am only presenting this coal question to the committee that it is the only tariff question in which the people whom I represent are interested, because it is not, by any means. We have the same interest in the general schedules that all American citizens have, and, in addition to that, we have some special interests.

The State I represent has about one-eighth of all the sheep in the United States. Therefore we are very much interested in the wool tariffs. We are also very much interested in the hides schedule and various other schedules.

Your committee would have heard from the operators of our region sooner had it not been for the fact that the impression has been general throughout our territory that there was but little danger of a reduction in the duty on bituminous coal. Even now, when the necessity of presenting to the committee the facts with regard to our coal situation is apparent, a number of operators from the Northwest who would be glad to present the matter to the committee are unable to be here. There are present in the city, however, a number of our operators, whom I hope your committee will be able to give an opportunity to be briefly heard.

My purpose in appearing before your committee is to give you a brief outline of the coal situation in the northern Rocky Mountain region, more particularly in Wyoming. What I have to say will be in the form of a general statement of conditions, the details in regard to which the gentlemen who will succeed me, and who are operators in the field, can give you.

We appear here for the purpose of calling to your attention the fact that any reduction of the duty on coal will work a very great hardship to the growing coal industry of Wyoming, Montana, and Utah, without bringing any corresponding benefit to the consumer.

The coal fields of the upper or northern Rocky Mountain region cover a very extensive area. In Wyoming approximately 30,000 square miles, or over 6,000,000 acres, are underlaid with coal. The coal area of Montana is still larger, while Utah has a considerable area of coal and there are extensive areas of lignite in North Dakota.

Practically all the coals of the northern Rocky Mountain region are either lignite or subbituminous, and they run all the way from low-grade and inferior lignites in the Dakotas to a high-grade lignite.

or subbituminous, in some parts of Montana, Wyoming, and Utah. There are, it is true, some very limited fields of bituminous coals in these States, but such deposits are so small that they do not cut much figure in the general coal industry.

I will hand to the stenographer a number of typical analyses of Wyoming fields which I obtained from the Geological Survey.

ANALYSES OF COAL.

Coal from Monarch, 9 miles northwest of Sheridan, in Sheridan County.

	Per cent.
Moisture	22.63
Volatile hydrocarbons	35.68
Fixed carbon	37.19
Ash	4.50
Sulphur	.59

Coal from Rock Springs, Sweetwater County.

	Per cent.
Moisture	10.23
Volatile hydrocarbons	34.11
Fixed carbon	51.10
Ash	4.56
Sulphur	1.15

Coal from Frontier, Uinta County.

	Per cent.
Moisture	3.86
Volatile hydrocarbons	39.49
Fixed carbon	51.00
Ash	3.65
Sulphur	1.07

Coal from Cumberland, Uinta County.

	Per cent.
Moisture	6.78
Volatile hydrocarbons	39.79
Fixed carbon	47.43
Ash	6.00
Sulphur	.43

From these analyses it will be seen that these coals are high in moisture, high in volatile gases, low in fixed carbons, and generally low in ash.

Coming in direct competition with these American coals are the coals from British Columbia and Alberta. The Crows Nest Pass coals of British Columbia are coking coals, of which the following is a typical analysis:

	Per cent.
Moisture	0.91
Volatile hydrocarbons	19.1
Fixed carbon	69.93
Ash	9.83
Sulphur	.32

These coals are very high grade and the field contains many workable seams.

Mr. GAINES. What coals are those?

Mr. MONDELL. Those are coals from British Columbia and Alberta. That is the Crows Nest coal of British Columbia, the analysis of which I just read.

Mr. GAINES. That is a good grade of coal, evidently?

Mr. MONDELL. That is a high grade of bituminous coal, and which makes coke which they tell me is as good as any made in the world, except that made in West Virginia.

The other Canadian field with which we come in competition is the Lethbridge, in Alberta, which I understand is a noncoking coal, and of which the following is furnished me by the Geological Survey as a typical analysis:

	Per cent.
Moisture	12.08
Volatile hydrocarbons	26.87
Fixed carbon	54.93
Ash	6.12

These Canadian coals lie within 50 to 100 miles of the American border, and coal from these fields comes directly south into American territory over a branch of the Great Northern Railroad which connects with the main line of the Great Northern at Great Falls, Mont., and into Spokane, Wash., and northern Idaho over several lines of road that cross the international boundary. These coals, therefore, reach our American markets in eastern Washington, northern Idaho, and Montana with a shorter haul and a lower freight rate than any American coals, except some inferior coal mined in northern Montana.

That American coal of this region can not successfully compete with the Canadian product without an adequate duty is indicated by the fact of the steady increase of Canadian importations into the territory mentioned, in the face of the present tariff of 67 cents a long ton. Importations of duty paid coal into the collection district of Montana and Idaho having been as follows:

	Tons.
1904	159,488
1905	174,511
1906	258,466
1907	272,532
1908	410,120

It will be noted from these figures that the importation has almost doubled in the past year and has been steadily growing for a number of years. There are three general features of the situation to which I shall refer which clearly indicate the necessity of the maintenance of a coal tariff.

First. The fact of a higher wage scale and a higher cost of production in the United States than Canada. I will hand to the stenographer for insertion in the record a statement prepared for me yesterday by the Bureau of Labor giving the comparative wage scale in Montana and Canada. The scale in Wyoming is approximately that of Montana. A comparison of these schedules shows that, taking into consideration the fact that the outside scale in Canada is based on a ten-hour day while the same scale in the United States is based on an eight-hour day, the American scale is from 25 to 40 per cent above the Canadian scale.

For instance, taking a few examples of outside wages, we find head blacksmiths in Wyoming receive $3.90 for eight hours, in Canada $3.75 for ten hours. The difference in the wages of blacksmith helpers is still greater.

Outside teamsters receive in Montana $3 for an eight-hour day, in Canada $2.62½ for a ten-hour day. This is 26 cents an hour in Canada and 37½ cents an hour in Montana.

A box-car shoveler in Wyoming and Montana receives $3 for an eight-hour day, while in Canada the same class of labor receives $2.62½ for a ten-hour day.

When we come to inside occupations in which day wages are paid, we find that drivers in Wyoming receive $3.40 and in Montana $3.60 for an eight-hour day, while in Canada they receive $2.75 for eight hours' work. Rope riders receive $3.40 for an eight-hour day in Montana and $3.25 in Wyoming, as against $2.75 in Canada. This difference in wages is maintained throughout the entire wage scale. The difference is even greater when we come to examine the price paid for mining. As prices differ in various mines, governed by the local conditions, and the manner of weighing and measuring varies, it is rather difficult to strike an average, but I think it is safe to say that the price paid for mining coal in Wyoming and Montana is at least 25 to 40 per cent above that paid in western Canadian mines. In some instances the difference is even greater where the Canadian is paid by the yard.

Second. When we come to the matter of transportation, we find that the Canadian mines have an advantage over most of the American mines in distance, and consequently in freight rates. For instance, the freight rate from Lethbridge, Province of Alberta, to Spokane, Wash., is $2.40 a ton; from Michael, British Columbia, to Spokane is $2.15, while the rate from either the Sheridan or Rock Springs fields in Wyoming is $4.45 a ton, a difference of over $2 a ton in favor of the Canadian coal, while the tariff on the short ton is but little more than 60 cents.

In the markets of Butte and Anaconda the lignite coals from the vicinity of Sheridan, Wyo., have an advantage of about 75 cents a ton in freight rates over the Crows Nest Pass and Lethbridge high-grade bituminous and subbituminous coals, but the only Wyoming coals that can compete at Butte and Anaconda for smelter and steaming purposes with the Canadian coals are the coals from southwestern Wyoming and Rock Springs, which pay a rate of $4 a ton into both Butte and Anaconda, 25 cents more than the highest Canadian rate.

The rates above given are for lump and run-of-mine coal, rates in all cases being somewhat lower for slack coal.

The Lethbridge coals reach Great Falls, Mont., on a rate of $2.50 a ton, while the Wyoming coals pay a rate so much higher that it is in most cases prohibitive, the rate from the Sheridan region being $2.50 a ton to Helena, with a local from that point to Great Falls, and from Kirby, Wyo., $3 a ton to Helena, with a local to Great Falls.

Rates have recently been put into effect over the new line of the Great Northern into Great Falls whereby the Sheridan coals must pay $4.05 per ton, as against $2.50 for Lethbridge and $3.40 for Crows Nest Pass coals. At these rates Wyoming coals can not get into the Great Falls market.

I present these figures as a fair statement of the rate situation. They show clearly the considerable advantage Canadian coal has over coal mined in Wyoming. It is true that there are some coals mined in Montana that meet the Canadian coals on a more satisfactory

freight basis, but the greater portion of the Montana coals which can successfully compete in the market with the better grade of the Canadian coals pay a freight rate but a little lower than that on Wyoming coals.

Third. Another important feature of the situation is the fact that the Canadian coals are in the main, particularly the Crows Nest Pass coals, better for steaming and smelting purposes than much of the Wyoming coal. In fact, there is so wide a difference that much of the Canadian coal would command a price of at least $1 a ton above much of the Wyoming coal in open competition. For domestic use the Wyoming coal is, much of it, quite as satisfactory as the Canadian coal, but even for such purposes it meets with the sharp competition from the Lethbridge and other Canadian coals.

As clearly indicating the necessity for protection in this field as against Canadian coal, I desire to emphasize the fact of the increased Canadian imports to which I have already referred, and I desire to further call your attention to the fact that these importations clearly indicate that the sharpest foreign competition which American coals meet is met by the coals from this district.

Although I am not entirely certain on that point, I am of the opinion that with the exception of the port of Boston the importation in this district was the largest in any collection district in 1908. When we take into consideration the fact that these coals are coming into a sparsely settled region, where the market is not large, you will readily see how menacing this importation is to American industries. It is not only the present market along the Canadian border that we seek to retain, but the vastly increased market which will be found in that region with the development of its resources and consequent increase in population. We have in Wyoming enough coal to supply the present population of the United States something like one thousand years, but we must find our markets within the limits of a reasonable freight haul. If we are to lose the markets in Montana, Idaho, and Washington, and the market which we ought to obtain in North Dakota, it means that in increasing production we must turn to the southern market and compete with the coal produced in Iowa, Illinois, Ohio, Kansas, and Colorado, and if we lose these northern markets to any extent I fail to see how it would be possible to maintain our present wage scale.

We are not without an object lesson as to the effect of a lower coal tariff, for when the coal rate was reduced from $1 under the McKinley bill to 42 cents a ton under the Wilson bill we lost all our market in Montana and Washington and on the Pacific coast, and, curiously enough, no consumer obtained coal any cheaper under these conditions.

From 15 cents to 25 cents a ton is a fair profit on a large coal output. Coal is often sold so close that it is impossible to reduce the price even 10 or 15 cents and leave any profit. With the reduction to 42 cents a ton under the Wilson bill the Canadian importers did not give the American consumers the benefit of the reduction of the tariff. They simply reduced the price 10 or 15 cents a ton and drove our mines out of the market. Of course this gave the large consumers the benefit of the 10 or 15 cents reduction on each ton, but the ordinary consumer of coal found that there was no difference in the price, and, as a matter of fact, when the duty was again raised under the Dingley bill to 67 cents a long ton, the Canadian operators were

getting about the same price in this northern market that our operators had received prior to their losing the market.

Having crowded the American operators out of the market, the Canadian operators gradually raised their price, and as it takes a considerable length of time to readjust business and to secure business once lost, we retrieved none of this lost business until after the passage of the Dingley bill. Of course at that time the Montana and Washington market was a much more limited one than it is now, and our output was much smaller. I shall file with the stenographer, to be printed with my hearing, a statement showing the coal production in the States west of the Mississippi River, which shows that Wyoming produced in 1907, 6,252,990 tons—it being the fourth State in point of production west of the Mississippi—Colorado, Iowa, and Kansas having a larger production.

To sum up the matter, I would respectfully submit that I believe we are justified in our belief that any reduction in the coal tariff would be exceedingly disastrous to the coal industry of the Rocky Mountain region, and I may add of the State of Washington as well.

While I speak particularly for Wyoming, the Montana interests are, it would seem to me, equally in danger, and the coal industry of adjacent States would be injured by the readjustment of markets if we lose the northern markets. As a matter of fact, the situation demands an increase rather than a decrease in the tariff. I would suggest an increase to 75 cents a short ton. I believe that increase would not more than measure the difference in wages, and so far as alarge portion of the field is concerned, it would nowhere near measure the difference in freight rates.

We have a growing industry which should be protected. No American will pay more for his coal by reason of such protection, but the market will be preserved for American producers and the American wage scale can be maintained.

We should not lose sight that it is of only recent years that a market has been found and made for lignite coal. Ten years ago practically none of the railroads would use it, and its domestic consumption was small. By constant, laborious, and expensive experiment, and the expenditure of a large amount of money, we have been able to build up a market for our lignite coal. It ought to be protected against higher-grade coals mined by lower-paid labor in Canada.

The CHAIRMAN. How near to the Canadian border are your mines in Wyoming?

Mr. MONDELL. The State of Montana is about 400 miles in width, and the Wyoming mines, some of them, are within 50 miles of our northern border.

The CHAIRMAN. Do you sell any coal in Canada?

Mr. MONDELL. No; there is no point in Canada west of Lake Superior where a market for a ton of American coal could be found.

The CHAIRMAN. There is no thickly settled country there?

Mr. MONDELL. There are only three lines of railroad crossing the international boundary. One comes down to Great Falls from Lethbridge. It would be impossible to ship any American coal over the line, because we would ship it right into a coal region. There are two lines of road coming down over the international boundary to Spokane. There is no coal mine within 250 miles of Spokane, and

then only a little on the other side of the range. Our coals are about 350 miles from Spokane. We have a freight rate of $4 to get it to Spokane. Of course, we could not ship from there north into a coal region. In other words, there is no room for reciprocity.

The CHAIRMAN. Does Spokane import any Canadian coal?

Mr. MONDELL. I have been unable to find out just how much of the coal which paid the duty in the collection district of Great Falls was used in Spokane, but, as I have stated, upward of 400,000 tons paid the duty in the Great Falls district.

The CHAIRMAN. We had free coal for a year in 1893.

Mr. MONDELL. At that time there was but one line of road crossing the international boundary, that being the line into Great Falls, of which I have spoken. The railroad management very kindly raised the rate during that year by the amount of the tariff.

The CHAIRMAN. They found it was to their interest to do so, no doubt, or they would not have done so.

Mr. MONDELL. I assume so; yes, sir.

Mr. DALZELL. How near is the nearest Canadian coal field to your Wyoming fields?

Mr. MONDELL. The Crows Nest Pass and the Lethbridge Pass are from 50 to 150 miles from the Canadian border. So a haul of 50 to 150 miles will bring that coal to the international boundary.

Our fields, of course, are all south of the Montana boundary. Some of them—the Rock Springs and Diamond and Kemmerer fields—are 250 miles south of the Canadian border, but those that lie nearest to the common markets in Washington and Idaho and Montana are all the way from 250 to 400 miles from those markets, while the Canadian coals are from 200 to 350 miles from the same markets. In other words, they are nearer those large American markets than we are.

Mr. BONYNGE. How far are the American markets from Great Falls?

Mr. MONDELL. I don't know the exact distance from Great Falls to the international boundary. It is 397 miles from Great Falls to Lethbridge. But there are coals nearer.

Mr. BONYNGE. How far are the nearest Canadian coal mines from Great Falls? What is the distance?

Mr. MONDELL. About 275 miles.

Mr. BONYNGE. How far are your mines from Great Falls?

Mr. MONDELL. Well, they have been about upward of 400 miles. They are, I should say—do you know the distance from Sheridan to Great Falls by the new route?

Mr. CARNEY. About 400 miles.

Mr. MONDELL. About 400 miles.

Mr. BONYNGE. Colorado coals do not compete with Wyoming coals in that territory, do they, in Washington, Montana, and Idaho?

Mr. MONDELL. They do not compete except in the southern part of Wyoming, in Nebraska, and Kansas, and in the Dakotas. They compete sharply in all those States.

Mr. DALZELL. You have stated the locations of the various coal fields in your operation?

Mr. MONDELL. I have simply referred to this as I have referred to my notes. I have not filed any map indicating their location.

Mr. BONYNGE. I think perhaps it would be well if you would file such a map, showing where the different coal fields are.

Mr. BOUTELL. What is the source of fuel supply in western Washington and northwestern Oregon, west of the Cascades?

Mr. MONDELL. Washington, west of the Cascades, is supplied from Roswell and other mines in that State. We only reach the Washington market east of the Cascades.

Mr. BOUTELL. I understand, and the home supply west of the Cascades is from mines west of the Cascades.

Mr. MONDELL. The home supply west of the Cascades is from local mines.

Mr. BOUTELL. Do they produce enough to supply that home demand?

Mr. MONDELL. My recollection is that last year the importation at all Puget Sound points was only 50,000, as against 400,000 of importations into the Great Falls district.

Mr. GAINES. Do you know the distance of Washington coals from Seattle and Tacoma; are they near?

Mr. MONDELL. Well, within—yes; some of the mines are within 50 miles.

Mr. FORDNEY. Some of the mines are within 15 or 20 miles.

Mr. MONDELL. Some small mines are within 15 or 20 miles, I believe.

Mr. FORDNEY. Some of the large mines.

Mr. MONDELL. Roswell is, I don't know how far, probably 200 or 250 miles.

Mr. FORDNEY. There are some within 15 or 20 miles.

Mr. RANDELL. You want the tariff to remain at 67, do you?

Mr. MONDELL. We believe the tariff ought to be, in order to meet difference in wages, about 75 cents a long ton, which would mean about 70 cents a short ton.

Mr. RANDELL. It seems under the situation up there, if you have no tariff the railroads, by putting up the price of transportation, can supply you with the same protection. They did do that?

Mr. MONDELL. At a time when we had simply rebated the coal tariff for one year and when there was only one line of railroad across the international boundary.

Mr. RANDELL. It shows the power of the transportation companies and the cost of transportation in that country.

Mr. MONDELL. We prefer to be protected by law rather than by the railroad company.

Mr. RANDELL. If your hope of help there is in the tariff, could not the same power that supplies the place of the tariff by putting up a freight rate do away with the protection that the tariff affords by putting down the freight rate?

Mr. MONDELL. I think that is true, to this extent: That if an American railway was to reduce its rate from Great Falls to Spokane to a point much below the rate which other railroads make within American territory to the south, I think the Interstate Commerce Commission would take cognizance of that condition and afford us relief. I think we are fortunate in having the power to inquire into and regulate those rates in the hands of the commission. Therefore I think we should have the benefit, and with the railroad rate still in effect, I do not believe the railroads of that district would attempt to deny us the benefit of the tariff by reducing the rate to Canadian

coal; they certainly would not want to reduce it below what would be the fair price of transportation.

Mr. RANDELL. But in order to get that means of hoped-for relief, the people in New England and on the Atlantic coast and other parts of the United States, all through the United States, would be subject to buying coal with a tariff of 67 or 74 cents on the ton, and that would be a tremendous expense to the United States, and it would increase the expense of living very much in New England, and the expense of manufacturing plants, and that sort of thing. Have you worked out what the difference would make in that respect?

Mr. MONDELL. Judging from the experience that the people of Montana and eastern Washington had with the coal at $42 a ton. I would say that in the long run the price paid by the consumer was quite as high with the lower tariff, and would be without any tariff at all, as the price he pays now. The Canadian miner having the advantage of the situation, having that advantage, could lower to a point that would drive us out, and still have a profit. The minute we were driven out of the market, then the rate would gradually advance, as it did under the Wilson bill, to a point as high as it was originally, and in any event the reduction that drove us from the northern market was only a reduction of about 15 cents a ton, because we were supplying that market on a very close margin at any rate, and a reduction of 15 cents succeeded in driving us out.

Mr. RANDELL. But what you say applies to only a small portion of the United States, and the effect would be on the whole of the United States?

Mr. MONDELL. Well, I assume that this committee, in discussing this situation, must consider the whole country. Of course it is my duty to present the situation as it relates to my constituents, which I have attempted to do; but, sir, from what I know of the general coal situation, and I have studied it somewhat, I am of the opinion that the present duty is not a burden in any part of the country.

Mr. GAINES. The tariff of 67 cents a long ton on bituminous coal is not very high protection to the coal of the East. I know that the average profit on a ton of coal in the bituminous mines of the East does not amount, one year after another, to 20 cents a ton. In other words, that the producer of coal sells it on a close margin. I have understood that at a distance from the mines the consumers of coal pay a pretty stiff price, but that bears no relation whatever to any enhanced price by reason of the tariff, to the producer of coal. What is the average profit per ton of coal to a coal operator in your section?

Mr. MONDELL. I can not say as to that. At one time I managed a coal mine in our State. That was a good many years ago. I severed my connection with that operation when I become a politician, in 1894, or a little before I was elected to Congress. For five years prior to that time our average profit on an output of about 1,500 tons a day was about 11 cents.

Mr. GAINES. A ton?

Mr. MONDELL. Yes, sir; for the five years. There are times when, with a suddenly increased demand, without the opportunity to meet it by opening new mines, the price will be temporarily enhanced to the operator and he will get a very good margin for the time; but as the years come and go, I should say that 25 cents a ton was much above the average profit in our country, and that it was probably

nearer 15 cents; and I know in some cases it has been lower than that, so far as my knowledge goes. I do not pretend to have inside information on the subject, except as I have talked with the managers of mines in the State.

Mr. UNDERWOOD. Have you any iron mines in that territory?

Mr. MONDELL. Yes, sir; we have some iron deposits now being worked on a very large scale, and larger deposits that may be——

Mr. UNDERWOOD. What class ore is it?

Mr. MONDELL. It is a rather good Bessemer ore, carrying about somewhere in the neighborhood of 60 per cent.

Mr. UNDERWOOD. I would say that would be very good ore.

Mr. MONDELL. It possibly does not run that much. I am not very familiar with the business, as the gentleman is, but possibly the average is not as high as that.

Mr. UNDERWOOD. Is it red hematite ore?

Mr. MONDELL. It is a red ore.

Mr. UNDERWOOD. In veins or pockets?

Mr. MONDELL. Well, the mines at Sunrise seem to be in a very large pocket or series of pockets.

Mr. UNDERWOOD. You said, I believe, that this coal you have in that country is not fit for coking purposes, but is purely domestic coal?

Mr. MONDELL. We have very little coking coal in Wyoming.

Mr. UNDERWOOD. One of the main reasons that you can not compete with the Canadian coal is that the Canadian coal is a very much superior coal, as I understand it.

Mr. MONDELL. That is one of the factors; that is only one of the factors. The gentleman understands that of two coals one may be superior for a certain purpose and the other command as high a price by reason of its superiority for another purpose.

Mr. UNDERWOOD. I understand that.

Mr. MONDELL. For instance, we have some very fine domestic coals in our State, coal that is low in ash, that ignites readily and burns with very little smoke.

Mr. UNDERWOOD. But this superiority of the Canadian coal over your coal is a superiority by nature and not due to artificial conditions, and it is a superiority that never can be overcome, is it not?

Mr. MONDELL. We do not expect to be able to overcome the superiority of the Canadian bituminous coals over our coals for certain purposes.

Mr. UNDERWOOD. Therefore the tariff, if it is put on there for that purpose of protecting it against that superiority, must remain there forever, logically?

Mr. MONDELL. I used the argument of the superiority of the Canadian coals for certain purposes, not as one of the controlling arguments for the tariff, but one of the things to be considered when, in addition to that, you take into consideration the fact that they are nearer many markets than our mines are, and the still more important fact that we are paying a very much higher wage than the Canadian mines are paying.

Mr. UNDERWOOD. I understand that, but what I mean is this: The development of this country, the development of your coaling interests and railroads, and so forth, could never overcome the natural superiority of the Canadian coals for certain purposes?

Mr. MONDELL. There will be some Canadian coals sold in that northern region without regard to the tariff. That is assuming that the tariff in any event would be a reasonable one. There will still be some Canadian coal sold, because it would meet a certain market; but if the Canadian coal came in without any tariff at all, it would take all of the market, because they not only have a coal that is superior to ours for smelter and steaming purposes, but they also have bituminous coals that are quite as good as ours for domestic purposes.

Mr. UNDERWOOD. I would like to ask you this: In the development of your mining industries, as your own coal is not a coking coal, it is absolutely necessary for the development of iron and steel industries in your State to have the Canadian coal?

Mr. BONYNGE. Oh, no. Can you not get those from Colorado, the coking coals?

Mr. MONDELL. It would be impossible to ever import any Canadian coal or coke to Wyoming, to the iron deposits, because of the very great distance. The iron deposits of our State are all in the central and southern portion of the State, and they lie all the way from 500 to 800 miles from the nearest Canadian coals. On the other hand, we have coking coal in Colorado.

Mr. UNDERWOOD. That is about the same distance away, is it not?

Mr. UNDERWOOD. I know that there is a great deposit of very good ore in our fields in that vicinity, very good ore.

Mr. MONDELL. There is some coking coal in that vicinity, as the gentleman perhaps knows.

Mr. RANDELL. How much coal does it take to make a ton of coke?

Mr. UNDERWOOD. Practically speaking, from one and a quarter to one and a fifth tons.

Mr. MONDELL. And in some cases up to 2 tons. When I was connected with the business I know it used to take 2 tons to make a ton of coke, but our coal was not very low in fixed carbon, and therefore it took more to make a ton of coke.

Mr. UNDERWOOD. I recognize that you have freight rates against you; that makes it difficult for you to compete; but for the general development of your iron interests and railroad interests, would it not be of more benefit to your people to have a cheap first-rate coal than it would to exclude it? Taking it in the long run, would it not be to the interest of the whole people of your State?

Mr. BONYNGE. Oh, no; just south. Colorado and Wyoming join each other.

Mr. MONDELL. No; a distance of from 250 to 350 miles. And our iron ore is now being smelted at Pueblo, in Colorado, with Colorado coke, and I assume that the future development of our iron industry will be with the use of Colorado and Utah coal. Utah has a considerable area of good coking coal.

Mr. UNDERWOOD. There are large deposits of iron ore also in Montana, and not very remote from Great Falls, are there not?

Mr. MONDELL. I do not know as to the iron deposits of Montana. I am not informed in regard to them. However, the importation of bituminous coal would not of itself necessarily affect the development of those deposits. That, of course, would be a question of coke.

Mr. UNDERWOOD. That is true, but either coke or coal must come in, to develop those Montana deposits, from the Canadian border.

Mr. MONDELL. The Wyoming coals and some of the Montana coals are used successfully for all of the metal smelting that is done in Montana.

Mr. UNDERWOOD. I understood that; but they can not make coke out of that.

Mr. MONDELL. No; they can not.

Mr. UNDERWOOD. And to make iron or steel you have to have coke?

Mr. MONDELL. Under present conditions, unless we shall develop electric processes, which we are likely to develop; in which event there are millions of acres of low-grade lignites in the immediate vicinity of those Wyoming and Montana deposits which could be used to great advantage in generating electricity; and the gentleman is aware that in an experimental way, at least, steel has been produced—and the gentlemen of the Geological Survey say has been produced, they believe, on a commercial basis, a basis of commercial economy—with the use of electricity.

Mr. MONDELL. I think not. In the first place, I desire to again emphasize the fact that my argument for the tariff is not based to any considerable extent on the comparative qualities of the coals. That is simply one factor. If our coal were as good as the Montana coal in every respect as a steamer and for smelting purposes, even then we could not compete with the Montana mines, owing to their proximity to the market, and to their lower wage rate, particularly to the latter. So we need protection against the lower wage rate and against the advantage in transportation which the Canadian coals have; but if we simply took into consideration the condition in the wage scale alone, that in itself is enough to warrant the present duty on coal.

Mr. FORDNEY. You said Montana coal and I think you meant British Columbia coal. You did mean British Columbia coal, did you not, instead of Montana coal?

Mr. MONDELL. I said in speaking of the comparative quality——

Mr. FORDNEY. You said Montana and I think you meant British Columbia.

Mr. MONDELL. My comparisons are all of Montana and Wyoming coals with Canadian coal.

Mr. BONYNGE. How does the Colorado coal compare with the Canadian coal?

Mr. MONDELL. Colorado has some coal as good as the best in the Crows Nest Pass regions. Colorado has all grades of coal, from the very low-grade lignite to a very excellent grade of semianthracite coal.

Mr. BONYNGE. You can get your supply of that class of coal from Colorado, then?

Mr. MONDELL. Yes; we can.

Mr. BONYNGE. Better than you could from Canada?

Mr. MONDELL. Well, with a haul of less than half the distance, so far as we are concerned in Wyoming.

STATEMENT OF W. J. CARNEY, OF CHICAGO, ILL.

(The witness was duly sworn by the chairman.)

Mr. CARNEY. I do not think I can add to what Mr. Mondell has said, except that we are now suffering from this Canadian coal com-

ing into our territory. Our mines are only running four or five days a week.

Mr. GAINES. Where is your mine?

Mr. CARNEY. At Sheridan, Wyo.—near Sheridan, Wyo. During the summer we only ran three or four days. Our trade has fallen off in Washington, where we shipped last year large quantities of our coal; it has fallen off 25 per cent.

The CHAIRMAN. Because the Canadian coal is better?

Mr. CARNEY. Because this Canadian coal is coming in there——

The CHAIRMAN. Because it is a better coal; is that the reason?

Mr. CARNEY. That is the reason, and the less freight, of course, in competition with us.

The CHAIRMAN. How much coal do you mine in Wyoming, altogether?

Mr. CARNEY. Last year the output, I believe, was six or seven million tons.

The CHAIRMAN. And how much was imported into Wyoming from Canada?

Mr. CARNEY. As I heard Mr. Mondell say, something like 410,000 tons into Montana and Washington.

Mr. FORDNEY. Mr. Chairman, the committee has been wanting some information on lumber trusts. Mr. Carney is one of the heaviest lumber men in the country.

The CHAIRMAN. Do not try to open up the lumber question again.

Mr. FORDNEY. He is one of the largest lumber men in the country, and I thought that probably some of the members of the committee would like to ask him some questions in regard to the lumber trust.

The CHAIRMAN. I do not think we want to go into that. We will excuse the witness now, and then if Mr. Fordney wants to recall him to ask him anything about lumber, he can do so.

Mr. FORDNEY. I have not asked to hear him in regard to that.

Mr. MONDELL. Mr. Holbrook and Mr. Gridley have informed me that in view of the considerable number of gentlemen who desire to be heard by the committee, they do not care to add anything to what I have stated in regard to the coal interests.

(Mr. Mondell filed the following papers:)

Coal production in States and Territories west of the Mississippi River in 1907, in short tons.

State or Territory.	Quantity.	Value.
	Tons.	
Arkansas	2,670,438	$4,473,693
California	[a]24,089	91,813
Colorado	10,790,236	15,079,449
Idaho	[b]7,588	31,119
Iowa	7,574,322	12,258,012
Kansas	7,322,449	11,159,698
Missouri	3,907,936	6,540,709
Montana	2,016,857	3,907,082
Nebraska	(c)	(c)
New Mexico	2,628,959	3,832,128
North Dakota	347,760	560,199
Oklahoma (Indian Territory)	3,642,658	7,433,914
Oregon	70,981	166,304
Texas	1,648,069	2,778,811
Utah	1,947,607	2,959,769
Washington	3,680,532	7,679,801
Wyoming	6,252,990	9,732,668
Total	54,623,471	88,685,169

[a] Includes Alaska. [b] Includes Nebraska and Nevada. [c] Included in Idaho.

Relative wages in coal mines in western Canada and in Montana in 1907.

OUTSIDE OCCUPATIONS.

Occupation.	Montana, October, 1907.		Canada, April, 1907.	
	Wages per day.	Hours per day.	Wages per day.	Hours per day.
Blacksmiths	$3.75	8	$3.67½	10
Blacksmiths' helpers	2.75	8	2.62½	10
Machinists:				
First class	4.00	8		
Second class	3.50	8		
Machinist			3.15-3.67½	10
Machinists' helpers			2.62½	10
Teamsters	3.00	8	2.62½	10
Timber framer	3.00	8	3.15	10
Box-car shovelers	3.00	8	2.62½	10
Car repairers	3.50	8	3.15	10
Car repairers' helpers	2.75	8		
Carpenter	3.75	8	3.67½	10
Carpenters' helpers			2.62½	10
Firemen	3.15	8	3.67½	12
			2.62½	8
Fan firemen	3.35	8	3.15	12
Oiler and wiper	3.00	8		
Wiper			2.62½	12
Breaker oiler			2.62½	11
Washer or tipple oiler			2.62½	11
Car oilers:				
Men			2.25	10
Boys			1.50	10
Head dumpers	3.00	8		
Tipple dumpers:				
Men			2.62½	10
Boys			1.50	10
Engineer:				
First class	4.00	8		
Second class	3.50	8		
Power-house engineers			3.67½	12
			3.15	8
Tail rope engineers			3.67½	10
			3.36	8
Breaker engineers			3.15	10
Box-car-loader engineers			3.15	10
Tipple engineers			3.15	10
Locomotive engineers			3.15	10
Locomotive engineers' helpers or switchmen			2.75	10
Hoisting engineer			2.89	8
Outside labor, not classified	2.75	8		
All other outside labor			2.25	10

INSIDE OCCUPATIONS.

Occupation.	Montana wages per day.	Montana hours per day.	Canada wages per day.	Canada hours per day.
Drivers	$3.60	8	$2.75	8
Drivers in wet places			3.00	8
Rope riders	3.40	8	2.75	8
Main rope	3.75	8		
Main and tail men			3.00	8
Parting men and connection men	3.25	8		
Boy couplers and partings	2.25	8		
Couplers:				
Men			2.62½	8
Boys			1.57½	8
Bucker boys	2.35	8		
Buckers			2.62½	8
Motorman	3.50	8		
Inside engineer	3.25	8		
Locomotive engineer or motorman			2.89	8
Locomotive switchmen or motormen's helpers			2.62½	8

STATEMENT OF MR. J. CRAWFORD LYON, OF BALTIMORE, MD.

(The witness was sworn by the chairman.)

The CHAIRMAN. You reside in Baltimore, Md.?

Mr. LYON. Baltimore, Md.

The CHAIRMAN. And you appear on the subject of linoleum?

Mr. LYON. On the subject of oilcloth and linoleum.

The CHAIRMAN. About how much time do you want?

Mr. LYON. I suppose twenty minutes will do.

The CHAIRMAN. Thirty minutes?

Mr. DALZELL. He said twenty minutes.

Mr. LYON. I would prefer thirty minutes. I think I will interest you sufficiently so that you will give me thirty minutes.

Mr. UNDERWOOD. What is the paragraph you want to talk about?

Mr. LYON. Paragraph 337. Mr. Chairman and gentlemen of the committee, I appear before you to point out the apparently overlooked and obscured effect of the application of paragraph 337, Schedule J, on the subject of oilcloth and linoleum, including cork carpet and inlaid linoleum. As it now exists in the phraseology, if under 12 feet wide it bears a specific duty of 8 cents a square yard and 15 cents ad valorem; 12 feet and over, 20 cents a square yard and 20 per cent ad valorem; inlaid linoleum, 20 cents and 20 per cent ad valorem; linoleum of more than one color penetrating the surface, 20 cents and 20 per cent ad valorem. Likewise, I would point out the effect if made to conform to the desires of manufacturers for whom on the 30th of November Mr. H. A. Potter, of Philadelphia, spoke before you and whose utterances as they appear in the record of hearings of that date, pages 2862 to 2866, inclusive, are easily shown to be contradictions of his own public statements two weeks specifically, and for many months generally, before his talk to you. Oilcloth is a coated and painted cloth of cotton or of jute, which is of low first cost, in all widths, with or without a printed figure, and on a varnished surface. The cotton cloths used are produced in this country in all needed widths, and are cheaper here than abroad, the great bulk of the millions of yards coated and printed being so-called muslin or sheeting 44 to 48 inches square, costing from 4 cents to 5 cents per square yard, as cotton fluctuates.

The jute cloths used are plain woven fabrics, known as "burlaps," weighing from 8 ounces to 10 ounces per square yard, counting 12 threads more or less each way per inch, in widths of from 60 to 150 inches, and costing in the primary markets of Dundee and Calcutta from 4 to 5½ cents per square yard, the narrowest being about 1 cent per square yard cheaper than the widest of the same weight and count. Current market quotations now or heretofore fix this fact. The existing duty on burlaps over 60 inches wide is 45 per cent ad valorem. Thus, domestic makers of floor oilcloths and linoleum are taxed on an average of 2 cents per square yard on their jute foundation cloth. It can be shown that this is the extent of their contribution to the duties collected on raw materials they use, as the remainder are either duty free or originate in this country, and are cheaper here than abroad, foreign makers using them. Consul J. C. McCunn, of Glasgow, states in his report on the subject that oilcloth and linoleum makers in Scotland use ocher chiefly obtained from America. Rosin is obtained from the United States, and linseed oil is procured from Russia, India, the United States, and Argentina.

It is quite clear this committee in 1897 overlooked the fact that the importation of several grades and descriptions of oilcloth would be prohibited by the tax then and now imposed, and this prohibition has applied to five separate descriptions, used throughout the

world, and in this country more than in any other, and of which, by the census of 1905, there was produced in this country nearly 75,000,000 square yards, valued at more than $9,000,000. I have here the two extremes [exhibiting samples]. The cloth in my left hand is the production of Messrs. Thomas Potter, Sons & Co., of Philadelphia. It weighs two-thirds of a pound per square yard. Its value is 8 to 9 cents per square yard. The duty provided for it is 8 cents per square yard and 15 per cent ad valorem. Consequently it has been prohibited, so far as importation of it is concerned, and the price at which they sell it is quite discretionary with themselves, and those like themselves engaged in making it. In the other hand I hold a piece produced by the Nairn Linoleum Company, of which Mr. George McNairn is the managing director. It weighs twenty times the weight of the piece in my left hand, and it sells for ten times the price of the piece in my left hand, and yet the duty is only 8 cents per square yard and an ad valorem duty of 20 per cent.

Mr. DALZELL. What are you advocating, an ad valorem duty or a reduction of the duty or raising it?

Mr. LYON. When I have finished you will find my suggestion, if I may be permitted to make one, is to abolish the specific duty, to abolish that penalty which has been put upon certain widths. No tariff ever heretofore provided that there should be a higher duty on cloth 12 feet wide than on cloth less than 12 feet wide. There was produced, according to the census of 1905, of floor oilcloth over 21,000,000 square yards, valued at three and a half million dollars, at an average price per square yard of 16⅔ cents, with a duty on that under 12 feet of 65 per cent ad valorem and over 12 feet of 145 per cent ad valorem. Of enameled oilcloth 11,000,000 square yards were produced, at a value of $1,500,000, at an average price of 13¼ cents, with an ad valorem duty of 75 per cent. There is no indication in the proposed change in paragraph 337, as printed, that your committee intend to alter this condition by removing the specific tax and the monstrous penalty imposed on widths 12 feet and over, although no tariff act prior to 1897 penalized the width of these goods. Demands of makers in this country have grown by what they have been fed on, and having overcome all opposition and secured in 1897 the granting of their demands, including the novelty of a penalty on widths 12 feet and over, they now ask that the penalty be applied to 7 feet and over. The effect of 20 cents per square yard and 20 per cent on a floor oilcloth 10¼ or 7½ feet wide, valued at 15 cents per square yard, including 7 cents per square yard for the jute foundation, exceeds a tax of 150 per cent. Although oilcloths for floors are the only kind of oilcloths now produced in this country exceeding 7 feet in width, it may be found desirable or necessary to produce wide table oilcloth and enameled cloth for special purposes, such as curtains or tents for trees, to supply the coming demand Mr. Potter himself speaks of in his advertisements in the trade papers, February, 1908, as follows:

> Probably the most novel use to which these goods have ever been put is as material for tent-like covers for fruit trees, to protect them from damage by frost. These tree tents are used in experiments to destroy "scale." After covering the affected tree, germ-destroying chemicals were burned beneath it, the enamel (paint) covering effectually confining the germicide gases.

Now, fancy the effect of the tax which Mr. Potter, speaking for manufacturers, asks on widths of oilcloth exceeding 7 feet, that is

20 cents a square yard and 20 per cent, with the cloth used for tables and for tree curtains or tents costing about 8 cents per square yard to produce, and the productive capacity of the works in this country producing painted, printed, or varnished cotton cloth equal to and able to supply the demands of the world. On this point I refer you to Commercial America, of June, 1908, published by the Philadelphia Commercial Museum, as follows:

American factories are able to produce all kinds of linoleum and oilcloth to compete in foreign markets with those of British make.

In this journal, Commercial America, Potter Sons & Co., G. W. Blabon Company, both of Philadelphia; The Nairn Company, of Newark, N. J.; and the Standard Oilcloth Company advertise and seek in this way buyers in foreign countries for their products. Of the Standard Oilcloth Company, operating five works exclusively in converting cotton cloth into oilcloth, located one each in New Jersey, New York, and Illinois, and two in Ohio, Moody's Manual of Industrial Shares states:

Standard Oilcloth Company. Incorporated May 2, 1907, in New Jersey, and succeeded to the assets and property of the Standard Table Oilcloth Company, which was formed in 1901 to consolidate the leading manufacturers of light-weight oilcloth (cotton-back oilcloth) in the United States. The company has a productive capacity of nearly twice the amount of light-weight oilcloth (cotton-back oilcloth) consumed in the United States. Capital stock, $6,000,000; 6 per cent preferred, $3,000,000; common, $3,000,000; par value of shares $100. Preferred stock is cumulative.

Manufacturers' requirements, as set forth by Mr. Potter, call for 20 cents per square and 20 per cent ad valorem on widths of 7 feet wide and over, applicable to oilcloths for floors, plain, stamped, or printed. including linoleum, corticene, and all oilcloth or other fabrics or coverings for floors made in part of oil.

This proposition works out a legislative profit for makers in this country of more than 250 per cent on the cost of production of table oilcloth and enameled cloth 7 feet and over in width, which, though not made now, may be, as required, without difficulty; and oil opaque or semiopaque window-shade cloth, now produced 8 feet wide by coating and painting cotton cloth, valued at about 10 cents per square yard in its finished state, would be taxed 220 per cent ad valorem under the artful provision covering all oilcloth or other fabrics made in part of oil.

Mr. LONGWORTH. What business are you in?

Mr. LYON. I am a merchant.

Mr. LONGWORTH. Are you an importer of oilcloth or linoleum?

Mr. LYON. And an exporter; both ways.

Mr. LONGWORTH. Do you manufacture it?

Mr. LYON. No, sir; but I have made it my business to know how it was done, and I appeared before the committee in 1890, 1894, and 1897; and on the 30th of last month a hearing was given, in which Mr. Potter appeared for the manufacturers and Mr. Smith, a lawyer of New York, appeared for three or four New York importers, but I did not have my name on the list and was not called, so that I sought the first opportunity I could to come before you and state my side of the case.

Should this request for a penalty on widths 7 feet wide and over be withdrawn, the tax of 8 cents per square yard and 15 per cent ad valorem is still a prohibitive tax on floor oilcloth, table oilcloth, and

enameled oilcloth, shelf and wall oilcloth, and all cloth of cotton or jute converted into oilcloth by whatever name known, of which, as I have said, the census of 1905 states about 75,000,000 square yards were produced in this country, valued at $9,201,548, averaging a value of 12½ cents per square yard. With the large additions to capital and capacity, widely and well known to have been applied to the production of these goods since 1905, a far greater volume and value were produced in the three years since, though no statistics are available. Indeed no statistics are needed beyond quoting Mr. Potter himself on the subject. He said:

In face of the traditional excellence of British linoleums and oilcloths Potter goods have a steady and growing market in England and her dependencies, the shipments including all items of the Potter line. The demand for carriage goods particularly is interesting, in view of the exacting requirements of British carriage makers. The success of the Potter organization in building up an export trade and the service that trade did in keeping the Potter wheels turning during the recent depression lends point to Blaine's paraphrase of Washington's famous saying, "In time of prosperity prepare for depression."

We now come to linoleum.

Mr. RANDELL. Where was that quotation from?

Mr. LYON. I am simply repeating the published letter of Thomas Potter Sons & Co. to the trade. He says:

The success of the Potter organzation in building up an export trade and the service that trade did in keeping the Potter wheels turning during the recent depression lends point to Blaine's paraphrase of Washington's famous saying, "In time of prosperity prepare for depression."

By that I suppose he means "In time of peace prepare for war."

We now come to linoleum, including cork carpet, granite plank, and inlaid linoleum. This class of floor covering is produced in this country by the following firms and corporations:

Name.	Location.	Began.	Capital.	Credit.	Operated by—
American Linoleum Co.	Staten Island, N. Y.	1875	$500,000	Highest ..	Wild & Co.
Blabon Co.	Philadelphia, Pa	1887	1,000,000	Unlimited	Blabon Co.
Nairn Co.	Newark, N. J.	1888	1,000,000	...do	W. & J. Sloane.
Potter Co.	Philadelphia, Pa	1891	1,000,000	...do	Potter Co.
Trenton Co.	Trenton, N. J.	1898	500,000	Highest ..	Cook's, Trenton, N. J.
Farr Bailey Co.	Camden, N. J.	1899	1,000,000	Unlimited	F. & B. Co.
Chicago Linoleum Co.	Chicago, Ill	1903			Euston's, Chicago.
Armstrong Cork Co	Lancaster, Pa	1908	1,000,000	Unlimited	A Cork Co., Pittsburg.

The census of 1905 returns in Table 4 the production as follows.

The CHAIRMAN. Your twenty minutes has expired. How much more have you got of this?

Mr. LYON. I hope I have interested you enough to induce you to extend the time.

The CHAIRMAN. Well, proceed.

Mr. LYON. These figures are as follows:

	Square yards.	Value.	Average value per square yard.
			Cents.
Linoleum, including cork carpet	14,765,284	$4,223,992	28¾
Inlaid linoleum	2,126,178	1,104,808	52
Total	16,891,462	5,328,800	
The imports for 1905 (see census table No. 5, all kinds included)	3,508,855	1,220,372	

It is widely and well known that since 1905 several producers have enormously increased their production, though particulars are not available. As an example of what began in 1905 and has continued since, we submit that the Nairn Linoleum Company, of Newark, N. J., increased their share capital by resolution of October 27, 1905, $1,000,000, and filed the certificate of increase on December 11, 1906, thereby raising the capital represented by grounds, buildings, machinery, and so forth, from $1,000,000 to $2,000,000, and this increase has been reflected in their production since 1905. The Blabon Company have published in the carpet-trade papers, over their name, during the past year the following:

No development or improvement in manufacturing methods or machinery has been overlooked in our great plant. From our advent as producers of linoleum this department of our business has grown with a rapidity which can only be attributed to the recognition by the trade of the superior quality produced at our mill. Owing to the fact that we oxidize our own linseed oil, and have direct control over practically all the ingredients entering into the processes employed in the production of linoleums, we possess peculiarly favorable facilities for accomplishing results.

The ascendancy of American manufacture is typified in linoleum as in the great majority of this country's products. The ingredients used in Blabon's linoleum are the kinds employed in the highest standard, reputable makes, either foreign or domestic. Our financial resources and skill in purchasing department command the utmost excellence in materials and best service from those who supply them. In one feature we hold an almost exclusive position. We crush the seed in our own works to produce the linseed oil used in all our goods.

The Potter Company, over their own name in carpet-trade papers, have published since 1905 numerous announcements of increased production, a sort of continuous performance, of which we submit the following:

November, 1907: The Potter Company has fortified itself against all emergencies by increasing its manufacturing facilities fully one-third. The significance of this is apparent to those who are familiar with the enormous output of the Potter mill.

February, 1908: It was not until the year 1892 that a successful high-speed printing machine for the printing of oilcloths and linoleums was built, and this was installed at the Potter plant. Since that time the Potter Company has built another machine of the same type, and these two are to-day the only high-speed machines of the kind in the world. This machine has a range of from 3 to 9 colors, working on an area of about 120 square yards at one time. In the old-fashioned way of hand printing two men working together can print about 150 square yards a day. In the Potter plant each machine produces approximately 8,000 square yards daily, doing the work of over 100 men.

August, 1908: An interesting side light on the linoleum industry has been brought out by some figures published by the United States Census Office concerning the production of linseed oil. Something like $30,000,000 worth of linseed oil is made annually it appears, and out of this the Potter Company takes more than any other single consumer—more than even the paint manufacturers doing a national business.

September, 1908: Enamel goods of the Potter brands are the subject of numerous inquiries from carriage and automobile makers in various parts of the country and abroad. A larger consignment than usual was shipped to Buenos Aires, Argentina, a few weeks ago. The bulk of Cuban orders reflects the settled condition of affairs in that island, which for years has been a good customer for Potter goods. Mexico, too, has been represented by orders aggregating a large yardage, especially of floor oilcloths.

The CHAIRMAN. Have you got halfway through with what you are reading there?

Mr. LYON. Yes; I am nearly through. I will not tax your patience much longer.

The CHAIRMAN. I was going to suggest that you print the rest of it in the record.

Mr. LYON. There is one point I wish specially to bring to your attention, a statement which Mr. Potter made in the press two weeks before he appeared here, a statement that is practically contradictory of what he said here.

The CHAIRMAN. It is impossible for the committee to follow you in your rapid reading of it, and it will save our time and yours if you will simply print it in the record and not read it.

Mr. LYON. I have only two pages more.

The CHAIRMAN. All right; go ahead; persist in it.

Mr. LYON (reading):

October, 1908: The demand for Potter goods in Mexico, Panama, Australia, and India this season far exceeds that of any previous year. The constantly increasing demand for Potter cork carpets has caused a slight congestion. Additional equipment is now overcoming it.

July, 1908: To-day the reserve stock is going out by train loads, and every man and every machine is worked to the limit. A third inlaid machine has lately been installed in the Potter mills, increasing the capacity by one-half. Yet all three machines are pushed to their capacity to supply Potter inlaids. In granites, the Potter initiative has multiplied the output tenfold by putting in a machine that does in one day what hand labor took two weeks to perform. This successful application of machinery to the making of granites marks a new departure.

November, 1908: Given a product that justifies its reputation, American goods find a market in any part of the world. In face of the traditional excellence of British linoleums and oilcloths, Potter goods have a steady and growing market in England and her dependencies, the shipments including all items of the Potter line. The success of the Potter organization in building up an export trade kept the Potter wheels turning during the recent depression.

Mr. Chairman, a reasonable reflection on the admitted enormous increase of production in this country since 1905 of linoleum, including cork carpet, granite linoleum, and inlaid linoleum, by the six producers using the most ingenious labor-saving devices should convince you that no matter how much the imports of these goods have increased since 1905 they are in fact but a fraction of the consumption which has grown, because the people want the goods in the furnishing of their homes, libraries, churches, business and other public places. Mr. Potter stated that the specific duty is needed as a compensation duty for higher cost of materials, and he could not go on without it. I have shown you this is false, as the only imported ingredient on which a duty is paid which is used in the production of linoleum, including cork carpet and inlaid linoleum, is the 8 ounces to 10 ounces of jute cloth or burlap, and that this is bought in the primary markets of Dundee, Scotland, and Calcutta, India, from 4 cents to 5½ cents per square yard, according to texture, the widest cloth, 150 inches, being sold for about 1 cent per square yard more than the narrowest used of the same count and weight, and the duty will not average more than 2 cents per square yard on this foundation cloth, of all weights and widths, consumed.

I am able to show you that the method of production and material used are the same in the lowest priced as in the highest priced linoleum; that thickness governed by the distance between compressing rollers fixes the quality and value. I am prepared to submit to you samples of linoleum weighing 2 pounds per square yard now taxed specifically the same as linoleum weighing 13½ pounds per square yard. Hence, by weight, the cheapest bears a burden nearly seven

times greater than the dearest, used by the rich. I will also submit, if you will allow me, that form of linoleum called "cork carpet," composed of the same material in all respects as linoleum that is not designated "cork carpet," differing from it only in the grinding of the cork and proportion of binding oil. The weight per square yard is as low as 2½ pounds in the cheapest and more than three times that weight in the best, thickest, and highest priced. Hence the low-priced, light-weight cloth is not imported, because the duty of 20 cents per square yard and 20 per cent ad valorem prohibits it, and the effect of this duty bears with three times the severity on the least weight and price compared with the greatest. Consul McCunn, of Glasgow, reported, and his letter is to be found in Consular and Trade Reports, October, 1908, as follows:

> Cork carpet is exactly the same mixture as linoleum, but the cork for this material is not ground so finely, and consequently gives a more spongy effect to the completed article.

Mr. Chairman, it is for you and the committee to decide if the injustice of taxing cork carpet at a rate differing from and higher than the rate imposed on linoleum is to continue.

I now come to granite linoleum. This is an article made as cheaply as plain linoleum, of one color throughout. The prepared material is variegated, and is thrown upon and fixed to the foundation cloth just as though it were of one color, and its value depends on its thickness and weight per square yard just as the value of plain one-color linoleum is graded, and there is not the slightest justification for taxing it at a rate higher than that imposed on linoleum variegated in color by printing on its surface.

In conclusion, I call your attention to inlaid linoleum. This is an article entirely different in construction from linoleum, plain, printed, or granite. The materials used are cork flour, wood flour, clays, and ochers, otherwise called "pigment," variously colored, combined as a cement by the use of a binding substance. The patterns are produced in two ways and the colors go through to the foundation cloth, which is the same 8-ounce to 10-ounce burlap spoken of already.

The CHAIRMAN. Having read three more pages since you said that was the last of it, you may print the rest.

Mr. LYON. This is all.

The CHAIRMAN. Well, you print that.

Mr. UNDERWOOD. I want to ask Mr. Lyon some questions.

The CHAIRMAN. The gentleman from Alabama desires to ask a question.

Mr. UNDERWOOD. What is the amount of consumption of linoleum in the American market?

Mr. LYON. The statistics available can not be brought forward outside of 1905.

Mr. UNDERWOOD. What were they then?

Mr. LYON. In 1905? You speak of linoleum or oilcloth?

Mr. UNDERWOOD. I am going to ask you for them separately, if you have it that way.

Mr. LYON. Yes, sir; I have it separately.

Mr. UNDERWOOD. Then please give it separately.

Mr. LYON. The production of linoleum, including cork carpet, in the census of 1905 is 14,765,000 square yards, valued at $4,223,000.

Mr. UNDERWOOD. What was it of oilcloth?

Mr. LYON. That linoleum was of an average price per square yard, as produced in the United States, of 28⅝ cents. It is proposed on that, Mr. Chairman, to——

The CHAIRMAN. We have the statistics all here which the gentleman is calling for.

Mr. UNDERWOOD. What percentage of linoleum is imported into this country in proportion to the consumption?

Mr. LYON. I have only given you linoleum, including cork carpet, and there is to be added to that inlaid linoleum. As I understand, you want the quantity of linoleum produced in the United States and the quantity imported into the United States for the year 1905?

Mr. UNDERWOOD. Yes.

Mr. LYON. You have only put down one item. Now, will you take the other, or do you not want that?

Mr. UNDERWOOD. Yes; go ahead.

Mr. LYON. The quantity of linoleum, including cork carpet, produced in 1905 was 14,765,000 square yards, valued at $4,223,000, at an average value per square yard of 28⅝ cents. The quantity of inlaid linoleum was 7,126,000, valued at $1,104,000, and the average value of that is 52 cents per square yard. That was the product in the United States in 1905, as reported by the census.

The imports for 1905, according to table 5, consisting of all kinds and descriptions, were 3,508,000 square yards, valued at $1,220,000.

Mr. UNDERWOOD. That makes about 25 per cent that was imported?

Mr. LYON. No; about 20 per cent. But then there was produced in addition to that 75,000,000 square yards of oilcloth of all kinds and descriptions, valued at $9,000,000, and there were 91,000,000 square yards produced in the United States, valued at $14,000,000.

Mr. UNDERWOOD. That is oil cloth?

Mr. LYON. Oilcloth and linoleum of every kind. My contention is that paragraph 337 should be reconstructed entirely, so that the tax bears with some degree of equality on all consumers, and that the man who uses this high-priced stuff and pays the 25 per cent duty on it——

Mr. UNDERWOOD. If I understand you right, now, on the cheaper oilcloth the duty is practically prohibitive?

Mr. LYON. It is; not practically, but actually.

Mr. UNDERWOOD. While on the high-grade goods there is a moderate tax?

Mr. LYON. On the one grade we have 8 cents a square yard and 15 per cent ad valorem and the value is 8 cents, while on the other, the value of which is 85 cents, it is 20 cents a square yard and 20 per cent ad valorem. On this quality, the value of which is 8 cents per square yard, the specific duty is the same, 100 per cent, and in addition to that there is 15 per cent ad valorem.

Mr. UNDERWOOD. Then, if I understand you, your contention is that the duty is not adjusted according to the ordinary tenets in levying a tax?

Mr. LYON. Yes; I think——

Mr. UNDERWOOD. Will you let me ask my question and then answer it? You have got the heavy tax on the cheap commodity that is used by the masses and the low tax on the high-priced article that is a luxury?

Mr. LYON. Yes.

Mr. UNDERWOOD. And for that reason you think the schedule should be readjusted?

Mr. LYON. Yes, sir.

Mr. UNDERWOOD. That is all I wanted to ask.

The CHAIRMAN. That is all.

Mr. LYON. I am very much obliged to you for your indulgence.

The CHAIRMAN. What is that?

Mr. LYON. I say I am very much obliged to you for your indulgence, and I want to say that I was very glad to hear of a remark that you made, that you were approaching the revision of the tariff with an open mind, and that you had formed and expressed no conviction as to what you thought should be done.

The CHAIRMAN. We have given you nearly twice as much time as you asked for. You may print anything else that you have there in your paper.

Mr. LYON. Thank you.

STATEMENT OF MR. E. B. PIKE, OF PIKE, N. H.

The CHAIRMAN. Where do you reside?

Mr. PIKE. At Pike, N. H. I wish to present what I have to say very briefly, and I will try to finish in five minutes. I hold in my hand, Mr. Chairman, a piece of corundum ore, and I will tell you in just a moment what I am here to ask. I am directly interested in two companies that manufacture abrasive material for grinding, polishing, sharpening, and so forth, and in behalf or in the interest of some twenty other manufacturers of grinding wheels, and in the interest of all American manufacturers of iron, steel, copper, brass, stone, wood, and every other material that requires a tool for cutting, I wish to ask this committee to put corundum on the free list.

Mr. DALZELL. Under what paragraph does corundum come?

Mr. PIKE. Corundum is not listed. It is under paragraph 419, classified with emery, put there by the appraiser, as I understand, as emery, by some misapprehension or confusion.

Mr. DALZELL. I think it comes in under paragraph 193.

The CHAIRMAN. Metals not provided for?

Mr. PIKE. It is not provided for in the Dingley tariff.

Mr. DALZELL. Is it not provided for under paragraph 193, which reads:

> Articles or wares not specially provided for in this act, composed wholly or in part of iron, steel, lead, copper, nickel, pewter, zinc, gold, silver, platinum, aluminum, or other metal.

The CHAIRMAN. That is where it comes.

Mr. PIKE. Possibly, in a general way.

Mr. DALZELL. The duty is 45 per cent?

Mr. PIKE. No, I beg your pardon; you will find it in paragraph 419, classified with emery.

Mr. DALZELL. That duty is 25 per cent?

Mr. PIKE. Twenty dollars per ton. One cent a pound.

The CHAIRMAN. It does come under the emery paragraph, I know.

Mr. PIKE. Yes; it does come under the emery paragraph. I have made no attempt to present a technical brief, but merely to outline the points, and I will submit to the committee later such statement

as you want. This is classified as emery, not as emery ore, and it is brought in in the crushed form.

The CHAIRMAN. Emery ore is free?

Mr. PIKE. Yes; emery ore is free. Emery coming in in this form would come in free. The point I want to make is this, that nothing is accomplished for the benefit of American industry or protection for any American resources by affixing this duty—by classifying it as emery. It was done under some misapprehension. It was a substitute for emery, in a sense.

The CHAIRMAN. You want corundum ore put on the free list?

Mr. PIKE. I want corundum ore put on the free list.

The CHAIRMAN. How about the manufactured product?

Mr. PIKE. The manufactured product may remain free. I presume it brings a duty now. I do not care; that is immaterial. Simply in the interest of grinding wheel manufacturers and manufacturers of abrasives, we want the raw material brought in free—that is, the crushed corundum. It can not be brought in in the ore form. These little crystals here have to be separated at the mines from the rock; that is, the corundum crystal. In the gem form that is the ruby or the sapphire, the hardest gem in the world; but emery comes in in great masses and pieces.

The CHAIRMAN. It is not found in this country?

Mr. PIKE. I do not say that, but there is no supply that is obtainable in commercial quantities. I have been an owner for ten years of prospective corundum mines in North Carolina. Corundum occurs there, but in limited amounts, in pockets. I presume more than a million dollars has been spent in trying to develop it. A little is also found in Montana, but of a low grade. Large amounts have been expended in trying to develop it. Some is imported from India. But the only supply that can be depended upon to produce a large quantity suitable for the needs of the manufacturers of this country, which is so far known, is in Canada.

The CHAIRMAN. Has it any other use except that for which emery is used?

Mr. PIKE. No; in general it is used only for grinding or sharpening purposes, but it is superior to emery.

The CHAIRMAN. It is used also for polishing?

Mr. PIKE. Yes, sir; for polishing. No good is accomplished, as I say, by this duty, and it works so much of an extra hardship, as it makes an extra price.

The CHAIRMAN. Is any emery produced here?

Mr. PIKE. No; no emery is produced here. There are two so-called "deposits" of emery ore, but it is brought from Asia Minor and Greece in the form of ore, in large massive blocks, and brought in free and is crushed here. The duty on emery, I presume, is for the purpose of protecting the American crushing mills, and if corundum could be brought in, if it occurred in such form that it could be brought in, in the ore form, the situation would be satisfactory, but it can not be. A penalty of $20 a ton is put upon corundum, the better material, the more desirable material, quite unintentionally, I apprehend.

Mr. UNDERWOOD. How much is it per ton?

Mr. PIKE. Twenty dollars per ton; 1 cent per pound. That is done presumably to protect the American crushers of corundum, the same

as is done in the case of emery, but there are no crushers of corundum and can not be, because the ore averages less than 10 per cent.

Mr. UNDERWOOD. You manufacture these "Pike whetstones," and so forth, do you not?

Mr. PIKE. Yes, sir.

Mr. UNDERWOOD. In your finished product, how much corundum is there? How much corundum goes into the finished product; what is the percentage?

Mr. PIKE. I will have to make it brief, because I am late, and I am talking hurriedly for that reason, having waited all day. There is none of it in our whetstones, except in the corundum oilstone, which is made of pure corundum, and perhaps 98 per cent of the consumption of corundum is in grinding wheels, what is known to the trade or the layman as the "emery wheel," in which the emery is replaced by corundum, because it is the better cutting material. In our corundum wheels we use only corundum and a bonding material.

Mr. UNDERWOOD. What is that?

Mr. PIKE. The bonding material, the binding material; the clays.

Mr. UNDERWOOD. That costs you $20 a ton. Now, what is the value of the corundum in the grinding wheel?

Mr. PIKE. About 80 per cent—no; it is over 90 per cent of the value of the wheel.

Mr. UNDERWOOD. The labor cost, then, is not much?

Mr. PIKE. I was thinking you meant of the materials used in the wheel. The labor cost is an important factor; probably 20 per cent. I will have to give you an offhand estimate.

Mr. UNDERWOOD. You say the labor cost is 20 per cent of the cost of the wheel. Then the corundum will form 80 per cent of the cost?

Mr. PIKE. I should say so, offhand. I would want to modify that later by investigation of the figures.

Mr. UNDERWOOD. What do you sell that wheel for?

Mr. PIKE. The prices vary from 5 cents up into very large amounts, according to the size. The wheels run from a fraction of an inch to 4 feet in diameter.

Mr. UNDERWOOD. From a fraction of an inch?

Mr. PIKE. Yes. They are used in the mouth, for your teeth, and in the big factories for grinding steel.

Mr. UNDERWOOD. Take some average wheel so that we can get some average price.

Mr. PIKE. That would be rather impossible. If you ask me for some specific purpose, it would be easier. Take a wheel for grinding saws in your southern country. The corundum wheel is the wheel used for grinding saws. It cuts them and does not draw the temper. A wheel twelve by five-eighths would bring $2.

Mr. UNDERWOOD. That is a wheel that retails for $2?

Mr. PIKE. I presume so. I am not connected with the trade.

Mr. UNDERWOOD. What is your cost price for that wheel?

Mr. PIKE. I should say not far from half that; a little over, perhaps; say $1.15.

Mr. UNDERWOOD. Now, what is the value of the corundum in that wheel?

Mr. PIKE. Of course you will allow me to state there that between our cost and the consumers' price come two profits, at least.

Mr. UNDERWOOD. I understand.

Mr. PIKE. Yes.

Mr. UNDERWOOD. What is the value of the corundum in that wheel which costs you $1.15?

Mr. PIKE. It would be quite conjecture to give you that offhand, but I as quite willing to prepare a detailed statement if the committee wishes it. I only wanted to present the salient points and not go into those figures.

Mr. UNDERWOOD. But it is material for me, Mr. Pike. This is a question of revenue. There is some revenue produced by it. I would like to get an estimate if I can, and that is the reason I am asking you these questions, as to how much the burden on your business of this present tax is, and that is what I am trying to bring out by these questions. I want to find out how much a ton you are selling this stuff for; that is practically what the question amounts to, and that is the reason I am asking you how much corundum there is in this wheel at $1.15.

Mr. PIKE. Yes; I would like to say this, rather than try to make a specific answer: That this duty prevents the American manufacturer from using corundum to anything like the extent he could and ought to use it in the interests of the American manufacturers as a whole. The consumption of emery is large and of corundum small, and the duty is to an extent responsible.

Mr. UNDERWOOD. I understand you are satisfied with your opinion about it. That is your opinion. But we can not come to an opinion on that question unless you give us the facts, and unless you give us the amount of corundum that goes into one of these wheels and what you are selling it for there is no way in which we can ascertain what burden is being placed on you by this taxation.

Mr. PIKE. Could I perhaps answer that by stating that I should presume the removal of this duty would make 10 per cent difference, would make a 10 per cent lower price, or something like that? Would that answer your question?

Mr. UNDERWOOD. No; it is not the selling price I am inquiring about, or what the consumer would get it for. You say that the duty makes this corundum cost you so much. The duty is $20 a ton. Now, how much do you pay for the corundum itself, yourself?

Mr. PIKE. One hundred dollars a ton at the mines.

Mr. UNDERWOOD. And then you pay a duty of $20 a ton?

Mr. PIKE. I think I can perhaps give you a fact that will make clearer your point. Emery comes in in that form free of duty and is crushed here by American mills. It comes in pure—95 per cent pure, perhaps—and sells at from 3 to 3½ cents per pound. Corundum costs 5 cents at the mines and is brought in here, and it costs, with the duty, 6 to 6½ cents, or double the cost of emery.

Mr. UNDERWOOD. I think you have answered my question to some extent. Your corundum costs you $100 a ton at the mines. After you get it in here, besides the freight rate you have got a duty of 20 per cent?

Mr. PIKE. Yes, sir.

Mr. UNDERWOOD. This duty amounts to one part in six of what you pay for it?

Mr. PIKE. Yes.

Mr. UNDERWOOD. So that the duty in the wheel amounts to one part in six?

Mr. PIKE. Yes.

Mr. UNDERWOOD. Then, what is the cost of that wheel at your factory that you sell for $1.15? That gives us the burden.

Mr. PIKE. That I could not state without taking up factory costs and taking a specific wheel, which I have not in mind, because that is only one perhaps of several thousand sizes. The multiplicity of sizes of wheels is something tremendous—enormous.

Mr. UNDERWOOD. What is the average profit you make on these wheels?

Mr. PIKE. The net profit?

Mr. UNDERWOOD. Yes.

Mr. PIKE. I have been four years in the manufacture of corundum wheels, and I am trying very hard to get it onto that side of the ledger. That is one of the things I am striving for, believing this will help; but so far the profit is not a very considerable item.

Mr. UNDERWOOD. I had an idea that your business must afford a pretty good profit, because as I understand for your whetstones you mine your material in Arkansas and ship it all the way to New Hampshire and grind it and make it into whetstones and sell it.

Mr. PIKE. That business stands on its own feet and has nothing to do with the corundum wheel business. My Cortland Corundum Wheel Company is in Cortland, N. Y., and the Pike Whetstone Company makes whetstones, and we dig the material out of the hills of Arkansas as my grandfather did many years ago, and ship it to New Hampshire, and the freight rate is 15 to 25 per cent on the finished article.

Mr. UNDERWOOD. The freight rate on the rock, shipping it across the continent, if it should be successful, would make a pretty good profit.

Mr. PIKE. That would appear so, but that is fallacious.

Mr. UNDERWOOD. I think if you would file the figures that show what I have asked you for it would throw a good deal of light on the question whether we ought to leave this duty on for the revenue, perhaps, or take it off entirely, so that your industry might survive.

Mr. PIKE. Taking it in the broadest sense, any figures you indicate I will be glad to give you at a later time; but taking it in the broader sense, I am not speaking so much for our individual industry, because we can protect ourselves, but this protects two monopolies in abrasives. Three abrasives are in the field now, two of which should be replaced by the better material, according to the American methods; corundum, which is not supplied in this country, and two artificial abrasives which are monopolies, being in the hands of patentees, who are able to get a vastly greater profit than we can make. We are contending against them and producing a better wheel for many purposes—not for all purposes. But we can show a decided reduction of cost and improvement in the production of every iron, steel, glass, and stone manufacturer in the country by giving him the better wheel. It is becoming more a question of the tool in every factory, and it is therefore in the interest of American industry in the broadest sense to procure corundum and use it; so that I do not make the plea on the ground purely of our own profit or that of the other manufacturers of corundum and emery wheels, but because it is in the interest of the country to-day; and if the supply could be obtained here in this country it would be a splendid thing for us.

Mr. UNDERWOOD. Your industry is to be considered on one side and the revenue on the other, and you ask us to cut off a certain amount of revenue that the Government is obtaining——

Mr. PIKE. That is quite trifling, I assure you.

Mr. UNDERWOOD (continuing). And to assist your industry. Now, we would like to have these facts.

Mr. PIKE. Yes; I would be very glad to give them to you, and I would like to state that I am interested as a consumer and as a producer. That might be brought up later on, to offset anything I might state. I tried to produce here for ten years, and failing to do so I have taken a temporary interest in Canada, and I appear here for the consumer, because the difference in duty will not make any difference to the owner of the mines, but to the consumer.

Mr. Chairman, will you indicate perhaps a little more definitely the information which you want me to give?

Mr. UNDERWOOD. The information which I asked for was, what was the profit on this $1.15 wheel you said you could give me. I want the information as to what the amount of the corundum is, and the profit.

Mr. PIKE. I think I understand. Thank you.

STATEMENT OF MR. W. P. WORTH, OF COATESVILLE, PA.

(The witness affirmed.)

Mr. WORTH. We are manufacturers of plates and tubes, and will be within six or eight months manufacturing pig iron. We are, of course, separate entirely from the trust, and you have had a great many of the trust officers here—or, we will say corporation men—during the last few days, and I think you will see from your investigations that it is rather a difficult matter for the independent people to stay in the business, and especially for those of us in the East, who are away from the ore supply, quite distant from the coal and coke supply, and are not in the position that Mr. Carnegie said they were in when he was a manufacturer situated at Pittsburg, that he could flap his wings in both directions and find trade. When we flap to the east, you know we get out into the ocean. We have only the market north and south, and for a short distance, possibly, to the west. Therefore I think that we are in this position to-day, that we want relief in every direction we can possibly secure it in.

About 25 per cent of the charge of an open-hearth furnace is made up of scrap, which has to be bought outside. When the Bessemer plants were in operation they were producing scrap all the time, and the scrap-iron market was more nearly balanced; but, as Mr. Schwab told you the other day, the Bessemer plants are a thing of the past, and there will not be any of them here in five years, and they are rapidly going out now, and as a result their place is being filled by the open hearth, and instead of the Bessemer, producing scrap, we have the open hearth, which is consuming more than it makes. Therefore there is a shortage of scrap. Now, as I understand it, the tariff is to protect capital and labor employed in manufacturing. Nobody manufactures scrap for sale. It is a by-product, you know, or it is the result of wear and tear. Therefore, why protect it?

Mr. UNDERWOOD. I would like to ask you this, which I think is more relevant to that question than the question of protection.

Where are you going to get the scrap from if you put it on the free list?

Mr. WORTH. Scrap is made all over the world.

Mr. UNDERWOOD. I understand that; and all the world consumes it. Where are you going to get it?

Mr. WORTH. You know in eastern countries there is not much steel made.

Mr. UNDERWOOD. You could not get it out of any European country. They consume their own scrap.

Mr. WORTH. I think we can get some from Africa and considerable from south of us; but it is not so much, of course, that, except that if we could get free scrap we expect to get quite a considerable amount of it. But what we particularly want with the duty off scrap is to have it help to regulate this market.

Mr. RANDELL. If there is no scrap that can be gotten to be brought in here, what good is it going to do you?

Mr. WORTH. There will be a great deal brought in.

Mr. UNDERWOOD. I am not arguing for the tariff; I am rather inclined to agree with the gentleman about his proposition as to free scrap; but I am interested in knowing where he is going to get it, because, necessarily, scrap is not like rails and pig iron that you can ship and carry cheaply; it is unwieldy.

Mr. WORTH. There is lots of scrap brought from California right around the Horn.

Mr. UNDERWOOD. Yes; I suppose there is some.

Mr. WORTH. You let us have free scrap and we will get some of it in here. Of course we would like to have it free, but if we can not get it free we would rather put 50 cents on it and make a revenue proposition out of it. You can not import it to-day.

If there is one thing that the corporation has done in this country it is to steady things. We have been free from those violent fluctuations which were experienced before, and which a gentleman would have referred to on the stand here to-day if he had been questioned a little further. In 1899 we had a regular skyrocket market, you know, and pig iron was up to $22, $23, or $24; and since the corporation has got hold of things and a large lot of mills have been brought together we have had a steadier market, and there has been less money, probably, lost and made in speculation. I think the scrap position to-day is this: There is such a scarcity of scrap that a lot of speculators get hold of it, and within ten days to two weeks the scrap market has advanced $10. There is no reason for it. There is no advance in finished material; there is no extra amount of orders in finished material; but it is just through speculation. Now, if we could have free scrap you would find that that matter would be nicely regulated and there would be quite a lot of scrap brought in when the market was abnormally high.

Mr. UNDERWOOD. I agree with you if we could get plenty of free scrap it conserves our natural resources and it has a tendency to produce the finished product cheaply; there is no question about that; but I do not believe you are going to get much scrap.

Mr. WORTH. I believe we will get it if we can only get it on the free list.

Mr. UNDERWOOD. Well, argue that with these other gentlemen.

Mr. WORTH. After being here at a number of your sessions, I believed that it was quite the thing for the eastern people to come here and ask for relief that I think you can give them. I think you must have seen as a result of these sessions that without ore and with coal at a great distance, we are at a great disadvantage in manufacturing. Now, we have got a great deal of capital invested, and thousands of men employed in our eastern industries, and they will be very seriously affected if we do not get the relief we are asking for. I would like to see scrap put on the free list, or at least with nothing more than a 50-cent duty on it.

I would like also to see as much of a reduction on ore as the eastern producers of ore can stand. I am not here particularly advocating free ore, because I am a protectionist; I thoroughly believe in it, and I want to see the eastern ore producers protected; but you know there are only about one or two ore interests in the East, and their ores are rather high in phosphorus, and I think it would be to their advantage, really, to admit some blending ore at a pretty low duty so as to bring other ore in.

Mr. UNDERWOOD. What is the difference between free ore and free scrap? Free scrap is more of a competitor with ore in this country than free ore.

Mr. WORTH. Yes; but a duty on scrap does not protect anybody. It is not manufactured.

Mr. UNDERWOOD. I understand that; but theoretically it is more of a competitor with ore in this country than all the free ore in the world you could bring in, if you get the scrap.

Mr. WORTH. No; I beg to differ with you there.

Mr. UNDERWOOD. Scrap is more easily and less expensively converted into pig and into rails than the ore.

Mr. WORTH. No; I beg your pardon. I am talking of wrought scrap for milling purposes. You can use about so much scrap in an open-hearth furnace, and you can not use much more. If you increase the amount of scrap, you will not get a satisfactory result.

Mr. UNDERWOOD. Of course not.

Mr. WORTH. And if you use too little you will not get a successful heat.

Mr. UNDERWOOD. But the scrap produces a great deal more than the ore?

Mr. WORTH. It helps the manufacturers.

Mr. UNDERWOOD. Of course.

Mr. WORTH. And if scrap was manufactured, you understand I would not be here to plead for a lower duty, or a much lower duty, on it; but it is not manufactured.

Mr. RANDELL. Would not a tariff on the ore give an artificial value to scrap?

Mr. WORTH. No; I think not. My idea is to get the tariff down a little on the ore and cut it off scrap, and let the eastern people live.

Mr. DALZELL. You are not now making pig iron?

Mr. WORTH. We have our furnaces very well along.

Mr. DALZELL. You have made your arrangements to go into the making of pig iron?

Mr. WORTH. Yes, sir.

Mr. DALZELL. Under the present tariff bill?

Mr. WORTH. Yes, sir. We felt this way about it, that there was quite considerable fluctuation in pig iron as well, and we simply, for the protection of our other industry there, were obliged to go into pig iron.

Mr. DALZELL. You could stand $4 on scrap?

Mr. WORTH. We would be very glad to see free scrap, but as manufacturers of pig iron, putting money right into as good a plant as can be produced to-day, we are ready to see pig iron reduced 50 cents.

The CHAIRMAN. What is pig iron now?

Mr. WORTH. Four dollars. If you will take half the duty off of ore we are willing for 50 cents on pig iron. If you see fit to admit ore free, we are willing for a duty on pig iron.

The CHAIRMAN. Three dollars instead of $4.

Mr. WORTH. Yes; but we would want free ore.

The CHAIRMAN. Fifty cents on scrap?

Mr. WORTH. We think 50 cents on scrap will be a maximum charge; make it a revenue proposition.

Mr. DALZELL. With ore as it is now you would not reduce the duty on pig iron?

Mr. WORTH. No; we could not. My friend Mr. Lukens used the word "corralled." It is corralled. Some years ago, when our works started, and others in the East, the 35 and 40 per cent ore in Pennsylvania was all right. To-day it is not, you know.

Mr. UNDERWOOD. If you get free ore, where will you get it from?

Mr. WORTH. From Spain and Nova Scotia and Cuba.

Mr. UNDERWOOD. Have you investigated the question of what it will cost you to get it?

Mr. WORTH. Yes, sir.

Mr. UNDERWOOD. What will it cost you, per ton of ore, to bring it from Cuba?

Mr. WORTH. We have not gone into that very thoroughly; but if you give us free ore, or a small duty on ore, there are many places from which we can get it.

Mr. UNDERWOOD. I thought you had the facts.

Mr. WORTH. We have got them, in a general way. We know that ore is being brought in here now from Nova Scotia and Spain, right along, and from Cuba.

Mr. UNDERWOOD. At what cost; at what price?

Mr. WORTH. We have not gone into figures. I can not give you those things; but we know it will help us just to that extent.

Mr. UNDERWOOD. You think it will help you? You do not know the facts? I think it probably will myself.

Mr. WORTH. We know that large quantities of ore are coming in now. Will it not help us that much more?

Mr. UNDERWOOD. I think it will help you, but I do not think you know it, if you do not know the facts.

Mr. WORTH. Yes; I think we do, in a general way, being in the iron business as we are. There is one other point that I would like to bring out, and that is about the duty on Swedish blooms—$12.

The CHAIRMAN. That is what I want to hear about. We heard about that yesterday. What is the use of keeping that $12 duty on there?

Mr. WORTH. There is no use in it.

Mr. DALZELL. What good will it do to take it off?

Mr. WORTH. It will help us wonderfully.

Mr. DALZELL. It will?

Mr. WORTH. I could give you a good deal of history on that matter.

The CHAIRMAN. We do not care so much about the history as we do for the reason for the reduction of the duty.

Mr. WORTH. There is no reason to have it there, and it certainly is a great injury to us in the East. We have got to depend on that iron, you know, and we feel that if you take the duty off it will materially assist us.

The CHAIRMAN. What do you use that iron for?

Mr. WORTH. It goes into the manufacture of skelp, and that skelp is made into high-grade boiler tubes, and they have attempted, you know, to put steel in the place of that work, but steel is of a granular construction.

The CHAIRMAN. It has taken its place in many things.

Mr. WORTH. Yes, but you can not use it for lots of things.

The CHAIRMAN. In carriage hardware, for instance.

Mr. WORTH. Yes, that is heavy material; but I mean, you take a stovepipe or roofing material, and you will find you want to stick to the iron. It will last several times as long. And so of a tube which is only one-eighth of an inch thick; and under heat and gases and severe treatment, of course iron will last much longer.

Mr. DALZELL. There is not much of it comes in?

Mr. WORTH. No, sir. I think we have about 3,000 tons under contract to come along.

Mr. UNDERWOOD. Where moisture comes in direct contact with iron or steel the iron has the greatest life?

Mr. WORTH. That is the point exactly.

The CHAIRMAN. What duty would you suggest on Swedish blooms?

Mr. WORTH. I would like to see the duty taken off. If you want to make a revenue measure of it a dollar is all right. I would like to see it all off, and let us increase the use of it.

The CHAIRMAN. You have the virtue of being more liberal in taking off duties on the things that you consume than on the things you make.

Mr. WORTH. Do you think, after listening to the testimony you have had here the last few days, that you could conscientiously ask me to reduce the duty on finished material when you see what we are up against in the East? Now, I am talking for the eastern people.

The CHAIRMAN. I am not making the tariff bill to-day.

Mr. WORTH. No; but you see we have no advantages here at all. We were placed there because our forefathers planted us there years ago, and we have gone along and held our own, but it has been against great odds. Those people in the West, with their ore at their door, have a great advantage over us. Judge Gary told you yesterday he would have nothing but a water rate, and, of course, a small inland rate up from Lake Superior, up to the lake port, and the water rate down to Gary; and you see they are going to have great advantages.

Mr. UNDERWOOD. They have a $4 freight rate to go into your country.

Mr. WORTH. Four dollars?

Mr. UNDERWOOD. Yes.

Mr. WORTH. No; less than that. They go over there for about that, yes; about 20 cents from Gary; I imagine it will be.

Mr. UNDERWOOD. And that is all to your advantage as manufacturers.

Mr. WORTH. Yes; but you take the duty off finished material and we are the first affected. There is the trouble again.

The CHAIRMAN. A reduction from $12 to $1 a ton is a pretty good reduction on Swedish iron.

Mr. WORTH. We would like to have it taken off entirely.

The CHAIRMAN. Are there any further questions? If not, that is all.

STATEMENT OF MR. W. C. DURANT, OF FLINT, MICH.

The CHAIRMAN. You want to be heard on automobiles?

Mr. DURANT. Yes, sir.

The CHAIRMAN. Have you anything new to offer in addition to what we have heard already from your company?

Mr. DURANT. I think I have, Mr. Chairman.

The CHAIRMAN. How much time do you want?

Mr. DURANT. I think fifteen or twenty minutes.

The CHAIRMAN. We will give you fifteen minutes and no more. You can finish up in that time.

Mr. DURANT. Would I have the privilege of being heard at some future meeting of the committee?

The CHAIRMAN. No, sir; you will not. We must draw these hearings to a close. We have some other things to do with this tariff besides hearings.

Mr. DURANT. I understood this was to be the last day.

The CHAIRMAN. Will you proceed, if you desire to? Your time is running away.

Mr. DURANT. The Buick Motor Company is opposed to an increase in the tariff on automobiles, is opposed to the retention of the present tariff, and is advocating a reduction to 20 per cent, advocating a separate classification, with a duty of 20 per cent, with 50 per cent duty on automobile parts.

Mr. Carton, our attorney, appeared before the committee some days ago at my request, because it was impossible for me to present the case, having important business in another direction. Mr. Carton stated the case as best he could with the limited knowledge possessed by him, having been called upon to help me out of a difficulty, and I had a conversation of about two hours with him, attempting to express my views. I wish to correct some of the statements made by Mr. Carton, fearing that the committee may be laboring under a misapprehension.

I stated to Mr. Carton that I was not satisfied that the brief filed by the chairman of the licensed association was giving the committee the information which would enable them to frame a proper bill governing the automobile industry. It hardly seems fair that I should be obliged to bring, within the fifteen-minute limit, all of the important matters or factors pertaining to the framing of this bill.

The CHAIRMAN. It hardly seems fair to the committee to be asked to sit here longer, since they gave ample time for the discussion of this question some three or four weeks ago, and also heard your

people the other day, and are hearing you to-day. You had better spend your time arguing the question rather than criticising the committee.

Mr. DURANT. I did not intend, Mr. Chairman, to criticise.

The CHAIRMAN. If you desire, after you have been heard, to file a brief, you may do so; but your verbal hearing will not be prolonged beyond the fifteen minutes, which was the time you yourself suggested.

Mr. DURANT. The Buick Motor Company has been accused of being interested in the reduction of the tariff by reason of owning a factory in Canada. I wish to say that the Buick Motor Company does not own or control a factory in Canada, but has a very slight interest in an institution in Canada. That concern last year, as I understood, employed a capital of $65,000. They produced 197 automobiles. The amount of their investment in machinery was $12,000, according to their last inventory, with $8,000 worth of that machinery on hand, not in use, representing a total investment in active machinery of $4,000. The company occupies a plant for which they pay $2,500 a year rent, which includes the power, the light, and the heat—hardly as much as we would pay for a retail store in the city of Washington. It has been represented that the fact that we are interested in a small way in that Canadian plant is operating against the statements which we are now making, and which we hope might enable the committee to give us a reasonably fair tariff bill.

Mr. CRUMPACKER. Tell us why you need the reduction. What good will it do you, or the American manufacturers, if you have a reduction in the duty? How are you handicapped now? Tell the committee that in the time you have.

Mr. DURANT. The Buick Motor Company are attempting to establish a permanent business. They already have an investment in plant and equipment of $1,450,000. They produced last year 8,796 machines. They contemplate producing the coming year 18,000 machines. They have employed in their plant, equipment, and with their capital, about $3,500,000. They did not engage in the automobile business with any idea of continuing temporarily for immediate profit, but they expect to remain in the business indefinitely, and the Buick Motor Company believes that it would be unwise to encourage a tariff so high that at some future time, when the composition of this committee is quite different, that we might not be able to present our case as well, and be obliged to submit to a wholesale reduction of the tariff, to our very great detriment.

Mr. UNDERWOOD. In other words, you do not want to build your manufacturing interests on an artificial basis?

Mr. DURANT. No, sir. Again, we are attempting to build up a trade in foreign countries, and from the investigation which we have made we believe such a thing is possible. We are able to meet competition from foreign manufacturers not as well as you were led to believe by Mr. Carton, who did not understand the facts, but because we are attempting to build cars suited to the needs of the foreign trade. The foreign markets have been used by the manufacturers of automobiles in past years as a dumping ground, and American product, I am sorry to say, does not stand high.

Mr. RANDELL. Would it not be a good idea to reduce the price and dump some of the automobiles within reach of our people at home, so that common folks could get an automobile?

Mr. DURANT. Referring to the brief submitted by Mr. Henry B. Joy, the general manager of the Packard Motor Car Company, which is very complete, I take exception to his presentation, as a manufacturer of automobiles, for the reason that it does not correctly state the facts. I believe this committee wants something besides figures, and I believe that they are entitled to the facts, and I am here to give you some.

When the matter of a hearing before this committee was first taken up, as a member of the licensed association committee, I received a circular to the effect that 60 per cent duty was necessary, and that a very careful scrutiny to prevent the undervaluation in the customs was necessary. That circular, if I remember correctly, was dated on the 18th day of November. On the 28th day of November I received at St. Louis, Mo., on my return from Savannah, at the Jefferson Hotel, a telegram asking me if Mr. Joy could represent me at a hearing before this committee, and asking me to urgently urge the retention of the present 45 per cent duty. To Mr. Joy had been delegated the work of preparing all of the figures and facts necessary for the committee. I felt that if the first circular asked us to support a 60 per cent duty that a 45 per cent duty could not be right, and I took the time to investigate; and following the brief submitted, discovered that the whole plan is to protect, not the American workman, but to protect, in a great measure, extravagant management and enormous profits. The American laborer is asked to be protected; and I am asking you to analyze the cost of an automobile, if you care to do so, and find out how much direct labor there is in that automobile that should be protected.

The CHAIRMAN. You have already used your fifteen minutes. I will give you five more, because you were interrupted a minute ago; but you had getter get down to your facts.

Mr. DURANT. The direct labor in the manufacture of an automobile selling at from $1,250 to $1,500 is about 14 per cent. In other words, if a machine costs $700, about $100 of it is direct labor. It has been presented that it was necessary to protect that $100 of direct labor by a 60 per cent duty upon the price of the finished machine. I think it is unreasonable and unfair, and in presenting it to Mr. Carton I asked him to come down here and explain my views.

The CHAIRMAN. Now, you do not mean to have this committee believe that the cost of the labor in making one of these three or four thousand dollar machines, where the raw material itself is not worth more than three or four hundred dollars, is only $100?

Mr. DURANT. I stated, Mr. Chairman, that the cost of a machine listed at from $1,250 to $1,500, approximately $700, that $100 of it will represent the direct labor in the cost of that machine.

The CHAIRMAN. You mean in the automobile factory?

Mr. DURANT. Yes, sir.

The CHAIRMAN. Taking the materials you buy; but the materials you buy—each class of material has a large percentage of labor in it, has it not? Is that true?

Mr. DURANT. Yes, sir.

The CHAIRMAN. So that, to go back to the beginning, the labor is a good deal more than $100?

Mr. DURANT. The direct labor——

The CHAIRMAN. Oh, well, the direct labor in your factory may not be more than $100; I do not know anything about that, but before it gets there the direct labor is a good deal more than $100?

Mr. DURANT. But we manufacture our own bodies, our own iron castings, our brass castings; are preparing to manufacture our own aluminum; we make our own motors and our own transmissions.

The CHAIRMAN. What duty do you suggest?

Mr. DURANT. Twenty per cent.

The CHAIRMAN. I am satisfied that 20 per cent would be a protective duty on automobiles. The only question is whether we should make it more for the sake of the revenue, and whether it is not a better thing to get revenue out of than most anything on the list.

Mr. DURANT. If it is a question of revenues——

The CHAIRMAN. That is all there is of it, in my mind; I do not know how the others may look at it.

Mr. DURANT. Then it is hardly right to ask the manufacturers of this country to come here and argue for a position which means, in their opinion, permanency of their business.

The CHAIRMAN. We have not asked you to come here and argue at all. We said we were willing to hear you. We have not asked you to come. We are looking about for revenue.

Mr. DURANT. I thought you were looking for facts.

The CHAIRMAN. We are looking for facts, sir.

Mr. DURANT. I received notice that you would only be too glad——

The CHAIRMAN. When we get the facts we have our own notions how to apply them.

Mr. BOUTELL. What is the object of the 50 per cent on parts?

Mr. DURANT. In order to meet the chairman's objections, to absolutely cover and protect the labor on such parts as we buy, consequently we do not know what labor enters into it or how greatly the labor enters into it.

Mr. FORDNEY. Do you buy any parts of your machines abroad?

Mr. DURANT. No, sir.

Mr. FORDNEY. Some automobile concerns do buy parts of the machines abroad; I did not know but what you did.

Mr. DURANT. No, sir.

The CHAIRMAN. You advocate a duty of 20 per cent on the completed automobile and 50 per cent on all or certain parts?

Mr. DURANT. Yes, sir; imported.

Mr. UNDERWOOD. You say, in your judgment as a manufacturer, 20 per cent on the completed automobile would fully protect all American labor, and provide a reasonable profit?

Mr. DURANT. I think it would; and another thing, in making the comparison, the Packard Motor Car Company has been used in that brief presented by Mr. Joy, as against the Berlier and Fiat. I do not know that we are prepared to accept the Packard standard as the correct standard. Had it been presented by somebody else who had a different idea of values and costs and profits, they might have made the comparison with a $10,000 car, which might have required 150 or 200 per cent. As I understand it, no effort was made to inquire into the cost of machines which they were comparing, neither was there

any effort made to inquire into the schedule of wages in foreign countries, as against the schedule of wages paid to the American workmen. In a general way, 8 concerns have been quoted as against 34 concerns in European countries, employing, in the aggregate, about the same number of men; but I find, upon analysis, that the 8 American concerns, employing 11,400 men, means an average of 1,425 men employed, whereas in all Europe—and they have not given the names of the institutions—10,347 men are employed in the aggregate, an average of about 300 men per factory, and we know, as manufacturers, that small institutions employing 300 men can not compete with concerns employing 1,500, 2,000, or 2,500 men. For that reason I do not think that you are getting the information that will enable you to properly frame this bill.

The CHAIRMAN. We do not seem to be getting much information from you.

Mr. DURANT. I am here to be questioned, Mr. Chairman.

Mr. UNDERWOOD. Have you got the data yourself as to the labor cost in the different countries on these automobiles?

Mr. DURANT. It is presented in the brief submitted by Mr. Joy.

Mr. UNDERWOOD. Your representative?

Mr. DURANT. No, sir.

The CHAIRMAN. That is all printed, is it not?

Mr. DURANT. That is printed; yes, sir.

The CHAIRMAN. It is all printed in the hearings?

Mr. DURANT. Yes, sir.

Mr. UNDERWOOD. And you agree with his statements as to the labor costs?

Mr. DURANT. I assume that they are correct; I do not know. But assuming that they are correct, I do not think that it justifies a 60 per cent duty or the retention of the present 45 per cent duty to protect the difference between the labor cost in Europe and the labor cost in America.

The CHAIRMAN. I should be very much surprised if it did. I think you have stated it truly. I am inclined to agree with you on that fully.

Mr. UNDERWOOD. Is it an expensive business shipping these automobiles?

Mr. DURANT. Shipping abroad?

Mr. UNDERWOOD. Well, shipping them either way, for us to ship abroad or for their competition to come in here. Are the freight rates high?

Mr. DURANT. Rather; yes, sir. It is figured at about 5 per cent.

Mr. UNDERWOOD. The freight rate would bring it in at about 5 per cent?

Mr. DURANT. I think so.

Mr. UNDERWOOD. Then that adds 5 per cent to the duty.

The CHAIRMAN. The better way to get at it is that there is a much greater demand than supply. The factories can not meet the demand. The supply is much smaller than the demand. Is that not true?

Mr. DURANT. At certain seasons of the year the demand is very great.

The CHAIRMAN. Do you not have to order them months in advance, as a general rule? It has been stated so here, and I have heard it outside of here. Now, is it not true?

Mr. DURANT. In some lines, yes, sir; some makes of cars.

The CHAIRMAN. And the makers can charge about what they wish to for them?

Mr. DURANT. Yes.

The CHAIRMAN. And they have been doing it, and they will until the supply catches up to the demand. Is that correct?

Mr. DURANT. Hardly correct.

The CHAIRMAN. Well, pretty nearly correct.

Mr. DURANT. The demand for machines is greatest in the spring of the year. That is about the time that people usually prefer to purchase a machine if they can get it. Deliveries in the spring months are at a premium, because an automobile requires considerable time to manufacture.

The CHAIRMAN. That is sufficient.

Mr. BOUTELL. What are your freight rates from Flint to New York City on automobiles?

Mr. DURANT. I think $75 a carload, containing usually three machines.

Mr. BOUTELL. Twenty-five dollars a machine?

Mr. DURANT. About that; yes, sir.

Mr. BOUTELL. What sized machine; the large touring car, or your small runabout?

Mr. DURANT. The five-passenger touring car.

Mr. BOUTELL. What would be the ocean rate on that car from London to New York?

Mr. DURANT. I would be unable to state.

Mr. BOUTELL. Have you not investigated it; have you not some idea?

Mr. DURANT. No, sir.

Mr. BOUTELL. You have stated here that you contemplated building a factory in Europe; was that erroneous?

Mr. DURANT. It is the intention of the Buick Motor Company to obtain a foreign trade.

Mr. BOUTELL. I asked if it was the intention of the Buick Motor Company or parties in interest in it to build an automobile factory in Europe?

Mr. DURANT. At this moment I could not answer that question yes or no.

Mr. BOUTELL. There is no use fencing with the committee. If you do not want to state, you need not, but it was stated here by your attorney that it was contemplating building a factory in Europe. That may explain what would otherwise be unintelligible, why you wanted a reduction in the duty, and I simply asked you, as the general manager, whether that was true. With the reduction in the duty, and the difference between the ocean rates and the railroad rates, it would be apparent that there was a very good business reason for your advocating a lower duty.

Mr. DURANT. It would not be likely that we would want to destroy our own home trade by reducing the tariff to permit of our manufacturing abroad where we have no special interest.

Mr. RANDELL. But that is not answering the question, whether you except to begin manufacturing abroad or not.

Mr. DURANT. No, sir.

Mr. RANDELL. Why did you not answer the question?

The CHAIRMAN. We have heard the gentleman for half an hour; we have not been able, in the last five minutes, to get any facts out of him. He approves of the statement of Mr. Joy, so far as the facts are concerned. I do not know why we should lose any more time Saturday afternoon, and therefore we will excuse you, if you will allow us to. [Laughter.]

Mr. W. C. Livingston, of Detroit.

Mr. FORDNEY. Mr. Livingston went home. He said he would send a brief.

The CHAIRMAN. The Thomas Meadows Company, of New York City. I think they have also gone home.

STATEMENT OF MR. W. C. GREGG, OF NEWBURGH, N. Y.

(The witness was sworn by the chairman.)

Mr. GREGG. Mr. Chairman, I represent a manufacturing company on the Hudson River in New York State making narrow-gauge railroad equipment, especially for sugar plantations. Our business is in Porto Rico, Hawaii, Mexico, Cuba, and other cane countries. I want to talk for a minute on the question of the free importation of 300,000 tons of sugar from the Philippines, which the newspapers say has been proposed, and I want to ask if any of you gentlemen know where the equipment is coming from that is going to manufacture that sugar over in the Philippine Islands? I can tell you how much capital is required in a plant in machinery and equipment to make a ton of sugar on a plantation. It is about $33.33⅓. I can give you the figures that go to make that up if you desire them. The equipment, on that basis, for producing this tonnage in the Philippine Islands would be about $10,000,000. According to the way in which the Filipinos have been buying their equipment and all of the other imports, according to the government reports for the last six or seven years, they have been buying 15 per cent in the United States and 85 per cent elsewhere. On that basis, of this $10,000,000 of equipment that is necessary there they would be buying $1,500,000 in the United States and $8,500,000 in Europe, principally Germany and England.

Mr. BOUTELL. Just what is it you want?

Mr. GREGG. I want to adjust the tariff there so that they can be induced to increase their trade with the United States.

Mr. FORDNEY. Would free trade on your goods going into the Philippine Islands do that?

Mr. GREGG. Just a minute, and I will explain this whole situation. They are not under the United States tariff; they are under their own Philippine tariff, made by Congress here, your own committee. Under that they import, under section 245 of that tariff bill, apparatus and machinery for sugar making, as well as other things, at 5 per cent ad valorem. Now, it is proposed to give us free trade with them and still make that 5 per cent against Europe, but that does not any more than offset the difference of freight rates, so that it does not give us any advantage. I would suggest, for instance, that we are not opposed to general reductions in the United States on the tariff. For instance, we are willing, along with the rest, to take a reduction on our products from 45 per cent, say, to 25 per cent. That is our

general attitude, and we are willing to trust to the committee to fix up a general average bill that will probably suit us all right. How would it be to extend that same 25 per cent to the Philippines—let them if they buy machinery in Europe pay 25 per cent duty on it; if they buy machinery in the United States, no duty on it? Then we can go out there and do business.

I can say this, that we export to countries where we have no protection, under some circumstances. Our business is almost altogether export; 95 per cent of our business goes out of New York Harbor.

Mr. UNDERWOOD. I just want to make this observation, that the treaty with Spain is not out yet.

Mr. GREGG. It is practically out.

Mr. UNDERWOOD. If this bill is finished before that is out, your proposition can not be included in the bill.

Mr. GREGG. It will soon be out.

Mr. UNDERWOOD. That is the question which comes up after this bill is enacted into law.

Mr. GREGG. Perhaps the bill can be so formed as to take off that.

Mr. UNDERWOOD. It might be after the treaty has expired. The treaty does not expire until ten years from the date of ratification.

The CHAIRMAN. The ten years will expire a year from December.

Mr. GREGG. I have a suggestion on that. We do business with Americans in Mexico and Americans in Cuba, but it is very difficult to do business with Spaniards in Cuba, and we have not been able to do business with Spaniards in Mexico at all under the same tariff condition. We go out to the Philippines; we have been out there and sent men out there, we go there right along, but they are foreigners, and they have been used to doing business in Europe, and we can not upset that. They rather prefer to do business that way, and as individuals they will follow their individual inclinations.

Mr. FORDNEY. They do do business there?

Mr. GREGG. They do do business there, but only 15 per cent of their business comes to the United States, while we take 40 per cent of their products. That is the average from 1901 to 1906, according to the Government reports.

Mr. BOUTELL. What do you make, cars?

Mr. GREGG. Cars, portable tracks for cane fields, switches, and things of that kind.

Mr. BOUTELL. You do not make the narrow-guage rolling stock, locomotives and things of that kind?

Mr. GREGG. No; we do not make locomotives; we make cars.

Mr. BOUTELL. Passenger cars?

Mr. GREGG. No; for hauling the cane.

Mr. BOUTELL. I understand that you do not make any commercial cars—passenger cars of narrow gauge?

Mr. GREGG. No; we make nothing for the United States except as it goes into Louisiana. We have a small business down there.

Mr. BOUTELL. The reason I ask is, I was on a narrow-gauge road up in Maine last year and wondered where the equipment came from—a little railroad 2½ feet broad.

Mr. GREGG. A good many concerns are making that kind of road in this country for domestic use, but our business is with the cane producers.

Mr. BOUTELL. I understand.

Mr. GREGG. I want to ask you gentlemen what sort of business proposition it is for this country to open the Treasury to the Filipinos and let those men out there—now, mind you, those men out there who are owning this land and will go into this business are not the Filipinos only; they are other foreigners interested.

The CHAIRMAN. What do you want in reference to the Philippine Islands?

Mr. GREGG. We want the thing let alone, just as it is now; that would suit everybody, as far as we are concerned, but if changes are going to be made——

The CHAIRMAN. Do you want free entry of your goods into the Philippine Islands?

Mr. GREGG. Well there is nothing in that; we are only taxed 5 per cent; there is nothing there for us.

The CHAIRMAN. What do you want?

Mr. GREGG. We do not want much for ourselves.

The CHAIRMAN. If we do anything with the tariff in the Philippine Islands the committee will undoubtedly take off that 5 per cent and give you free entry to the islands.

Mr. GREGG. I understand that. Now, if you put 25 per cent duty on equipment, machinery, and so forth, for mill and plantation, then we will have a chance to do some business, because they will have to come to us.

Mr. FORDNEY. You mean duty on those goods coming from any other country?

Mr. GREGG. Yes. Then there is one more suggestion I have to make, and that is, that unless we are sure we want to keep the Philippines, that we should make the 300,000 tons, or whatever it is, a measure terminating at the end of, say, eleven years; give them two years of free trade with us; next year withdraw 10 per cent of it; the next withdraw another 10 per cent of it, and so on, giving them until the end of eleven years—putting them out of touch with us on that business.

Mr. FORDNEY. What duty is there on your products now?

Mr. GREGG. Forty-five per cent in the United States.

Mr. FORDNEY. You only want 25 per cent in the islands?

Mr. GREGG. I should say we are willing to stand a general reduction in the United States.

The CHAIRMAN. You do not want over 25 per cent anywhere?

Mr. GREGG. No; and if Americans were going into this country we would not want a red cent.

Mr. RANDELL. Twenty-five per cent you consider just as good for you as 45 per cent in the United States?

Mr. GREGG. Yes.

Mr. RANDELL. Of course 25 per cent is prohibitive anyhow?

Mr. GREGG. We have no competition here; our competition is in Germany.

Mr. RANDELL. Then why have any per cent at all? Is it a revenue producer, or just simply a keeping out of the trade?

Mr. GREGG. The question is whether we shall admit the sugar from the Philippines free, and allow the Philippines to buy their machinery in Europe at 5 per cent, when you compel the sugar producers of Michigan and Louisiana to pay 45 per cent?

Mr. RANDELL. I am asking about this. You have a tariff of 45 per cent on the articles you manufacture in this country. Is there any importation of any articles in competition with you?

Mr. GREGG. There is in Porto Rico and Hawaii.

Mr. RANDELL. In the United States, though, proper; on the mainland?

Mr. GREGG. No; none to speak of, but we do not have any business in the United States.

Mr. RANDELL. Then those articles are not important at all.

Mr. GREGG. We do not do any business in the United States; 95 per cent of our business goes out of the port of New York.

Mr. RANDELL. You do business with the people who raise sugar in the United States?

Mr. GREGG. Two per cent of it is in the United States and 98 per cent out. Our business is largely with Cuba, Mexico, Porto Rico, and Hawaii.

Mr. RANDELL. But those people in Louisiana in the sugar business have to pay you without any competition whatever in this country; have to buy your product, if they buy it at all, at an advanced price of 45 per cent.

Mr. GREGG. I will say that, as far as Louisiana is concerned, as long as they only purchase 2 per cent of our product it is immaterial.

Mr. RANDELL. Why not just take it off, then?

Mr. GREGG. All right.

Mr. RANDELL. It brings in no revenue, and if this 45 per cent tariff was taken off your goods the people in the United States who buy, or might want to buy, could buy in the markets of the world.

Mr. GREGG. Yes; but as to Porto Rico, gentlemen, even now there are a few Spaniards down there who will buy their goods in Europe and pay more money for them, tariff and everything, in preference to buying from us or from other people in the United States.

Mr. FORDNEY. Yes; because they are Spaniards.

Mr. GREGG. Yes. We have to consider that, and what is the use in turning away eight million and a half of business from our shores and turning it over to the European manufacturers?

The CHAIRMAN. The committee will consider all those facts.

Mr. GREGG. All right, sir. I would be very glad to have another opportunity when you come to that part.

The CHAIRMAN. Another opportunity for what?

Mr. GREGG. If you take up the Philippine bill as a separate item.

The CHAIRMAN. If you have anything more to say on that subject, say it now. You will never have another opportunity.

Mr. GREGG. I will ask you if you expect to frame a separate Philippine bill?

The CHAIRMAN. We may do it. But if you have anything to say, you may go on with it and say it now.

Mr. GREGG. I covered all the ground.

The CHAIRMAN. We can not do things piecemeal, jumping around here from day to day. If you have anything to say, say it now.

Mr. GREGG. I think I have said all I want to.

Mr. RANDELL. I understood you to say that your purpose was to have the tariff around the Philippines so that by having a 25 per cent duty they would be compelled to purchase from you or from the United States.

Mr. GREGG. Not from us; from anybody in the United States.

Mr. RANDELL. You said from us. You meant from the United States?

Mr. GREGG. Yes.

Mr. RANDELL. And they would be compelled to do that.

Mr. GREGG. Yes.

Mr. RANDELL. That is on account of your love for the Filipinos.

The CHAIRMAN. We do not propose to hear anybody hereafter except those whom the committee want to hear. We close our hearings after to-day, and if we want to hear anybody after that we will invite them. If we want to hear you, we will invite you. Does any other gentleman want to be heard to-night?

(No one else appearing to be heard, the committee thereupon, at 5.50 o'clock p. m., adjourned until Monday, December 21, 1908, at 9.30 o'clock a. m.)

APPENDIX.

SCHEDULE N.—SUNDRIES.

WORKS OF ART.

CERTAIN AMERICAN ARTISTS RECOMMEND SPECIFIC DUTY OF $100 ON PAINTINGS AND SCULPTURES.

WASHINGTON, D. C., *November 28, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We ask that a specific duty of $100 be placed on all paintings and sculptures produced by hand during the past one hundred years from date of entry.

The changes in the present tariff regulations, which are contained in the following paragraph, call for a specific duty of $100 on all art works produced by hand during the one hundred years past from date of entry:

1. 703 (*a*). Works of art, including paintings in oil, mineral, or water or other colors, pastels, and sculptures.

THE ARGUMENTS FOR A SPECIFIC DUTY.

(*a*) While it should be the aim of the Government to encourage the fine arts, and while the importation of art works of high character make for a betterment of taste and refinement among our citizens, the Government should not, in our opinion, omit any restrictions to the importation of art works not of high character, which, if admitted free of duty, may have the opposite effect. The artists and artisans of Europe are skilled imitators and copyists of art works, so skilled that they frequently deceive even European experts and connoisseurs. Living more cheaply than can our artists and artisans, they can afford to produce their imitations and copies at a low figure, to sell them also at low figures, and without some restriction these copies and imitations can be brought here and through unscrupulous persons be given attributions and signed with names which are false, with the result that our art lovers and collectors can be imposed upon and large and illegitimate profits made by the sellers of these spurious works.

(*b*) European artists, especially in the south of Europe, where living is cheap, and where a natural aptitude for art production ex-

ists, make a continual and continuous output of cheap and tawdry art works, perhaps now and then having some merit, but for the most part distinctly debasing to taste and uneducational in every way. These productions can be bought and are sold for such low prices that, without any restrictive duty, the country would probably be flooded with them, with resultant demoralization of public taste.

(*c*) In a country which has not yet had sufficient age to acquire general art knowledge and taste, these cheap productions of Europe appeal, just as did the chromos of a few years ago, and as they could be, without duty, brought here and sold with good to large profit at lower prices than the works of American artists and artisans, the money spent for them would be diverted from the American artist, and the dealer in higher grade legitimate foreign works who can not afford from the higher cost of living in this country to sell for as low prices and live.

(*d*) The museums and other public galleries, and the dealers' galleries, now found in almost every large American city, the former of which are enabled to import and purchase art works for exhibition purposes only, and the latter, whose owners pay duty on high grade art works, offer every and all opportunity to the artist for an exchange of ideas and to the public for study and improvement in taste. This disposes, it seems to us, of the argument that artists can not exchange ideas without the free entrance of art works and that our art can not find inspiration from the lack of opportunity to study the art treasures of the Old World. Naturally, the art treasures of the European galleries draw visitors, but no removal of all duties will bring these treasures here, and meanwhile we have our own good and growing museums and other collections. The specific duty we advocate would not deter the great American collectors who buy abroad from bringing here any art works produced during the past hundred years worth the having here, and their old masters would come in free under its provisions.

(*e*) The above arguments in favor of a specific duty cover, it seems to us, the arguments against any duty from the educational and industrial view points. Free art, while it might bring in some good art works, would, as has been pointed out, bring in also a greater proportion of poor and cheap work; and these art works not now here or which can not be studied through reproductions would not, if obtainable, be kept out by a specific duty.

A SPECIFIC DUTY WOULD BENEFIT AMERICAN ARTISTS.

(*a*) American artists are not, as a body, in favor of abolition of the art tariff, assertions to the contrary notwithstanding. They are not necessarily opposed to a lowering of the tariff, but many of them, for whom we speak, feel that some restrictions, as argued above, should be placed on the importation of cheap art works from abroad, which, in the absence of any general art taste and knowledge, are bought by Americans, often in place of good American pictures.

(*b*) The argument that free art will make study in Europe unnecessary to our artists, by providing the necessary environment here, seems to us absurd and contradicted by the very assertions of

those in favor of free art that the great museums and galleries of Europe attract throngs of visitors and students. Will we ever get the treasures of those museums and galleries here?

(*c*) Those American artists who choose to expatriate themselves and live abroad and who complain that the feeling in Europe against an art duty is embarrassing to them, should, we feel, not be quoted so freely in favor of free art. They do not live and vote here.

(*d*) The argument that a duty prejudices American artists in the eyes of American purchasers by adding an artificial value to imported art works seems to us equally absurd. American collectors, for the most part, buy names, not quality, and we doubt if one in a thousand ever takes the question of a duty paid by the seller into consideration.

(*e*) American artists pay duty on the materials they use which are imported. They have, as has been said, higher rentals and higher food charges to pay than even their European fellows in the larger cities, and of high reputation. Should they not have some protection? They do not ask that the old and great masters should be taxed. They do not demand a tax on Phidias, Praxiteles, Raphael, Rembrandt, or Michael Angelo, Holbein, or Van Dyck. All great art that was produced over a century ago under our specific duty suggestion would come in free, and as time advances it will be but a few years when the great painters of the early English school and a little later those of the Barbizon school of France would be duty free. All our artists desire is some moderate restriction upon the importation of what is called "trash"—cheaply produced copies of modern foreign work, or cheap modern foreign work itself.

(*f*) A specific duty would tend, we believe, to minimize the fraud in the selling of art works at auction and private sale here, which has long existed and will continue to exist even under the present comparative high tariff.

When poor or even skillful copies of the works of the late J. J. Henner can be painted in Paris for $25 each, be brought here, pay the present duty of 15 per cent, or $3.75, and then be sold for $200 to $300, and the sale chronicled in the public press as that of Henner's, the inference is obvious that the importer and seller of such trash would hesitate to add the specific duty of $100 to such pictures. This is a concrete example.

A SPECIFIC DUTY WOULD AID AND NOT INJURE THE COUNTRY'S MUSEUMS.

It has been urged that free art would aid our museums, whose educational value through their collections is of course great. As has been said, a specific duty would not deter the owners of great collections, especially of old art works, from bringing in the same and presenting the same to museums, as such collections would for the most part be free and those modern works they contained would pay less duty than now. The museums now are empowered to import art works free for exhibition purposes, and this very year will display a remarkable collection of modern German pictures arranged by Mr. Hugo Reisinger, of New York, which will come in free of duty. So the needs of the museums are not an argument against a specific duty.

ART WORKS ARE WITHIN THEORY OF PROTECTION.

The statement that "the American artist (which is comprehensive) repudiates the art duty and is a most earnest petitioner for its repeal" is not based on fact. Many good American artists indorse the art duty and many others favor the specific duty we urge. There is and can be no competition between a Velasquez and an American painting, and the American artist asks for no protection from the old masters or even their later followers up to a century ago, and, were it possible, to shorten the period for which a specific duty is asked from such painters as the Barbizon men and their contemporaries and followers. He does ask, however, that the product of his brain and hand should have some protection when it goes before persons not having art knowledge and taste as against the trash of modern Europe. Why should an American figure painter, for example, who produces good genius and whose living costs him far more than his fellows of Europe, be obliged to meet the prices which, as detailed above, can be taken for inferior European works? If the American art-loving and art-buying public had the knowledge and taste of those of Europe, where Rembrandts are auctioned off for $5, but not to collectors, understood quality, and were not deceived by cheap and tawdry color and tricks of painting, the question would be a different one. We must wait for better education in matters here before we refuse to aid with a specific duty the American artist who, through his good work, is striving to better this taste.

A SPECIFIC DUTY WOULD NOT DECREASE THE REVENUE FROM ART.

While the question of whether or not the Government should derive a revenue from art importations is a serious one, its discussion does not lie within the province of this brief. We contend, however, that a specific duty would, from the figures of the art importations since 1897, bring in probably as much as the Government has received under the tariff since that date. Those who hold that art is a luxury of the rich and should be taxed accordingly would not probably object to a specific duty, which would remove part of their objections at least.

It is urged that Congress should put art on the free list because the whole country is in favor, it is asserted, of such action. This we deny, and are surprised at the boldness of such an assertion. We claim that the 500 so-called "directors" of the Free Art League, although they include some distinguished names, do not necessarily, as is also claimed, "represent the sentiment of the entire country."

The specific duty we urge would, we believe, satisfy, especially after study of its practicability, a majority of the citizens of the country interested in the question, a large proportion of the artists of the country, and the dealers of the country, with very few exceptions.

We deny that "the newspapers of the country are a unit in favor of removal of the duty." While many journals have declared in favor of such removal, we believe that this declaration was made before the suggestion of specific duty was made, without due reflection or knowledge and study of the conditions and on misleading and prejudiced information. We would call attention to certain interviews,

with the dealers of Boston in particular, published in the American Art News of November 28, which art journal itself advocates our suggestion of a specific duty, as an evidence that the dealers and newspapers of the country are favorably disposed to a specific duty, and our signatures evidence that we, with those who feel with us, and many American artists, attest the belief of American artists in such specific duty.

Respectfully submitted by James B. Townsend for certain American artists, whose petition follows.

New York, *November 20, 1908.*

Ways and Means Committee,
Washington, D. C.

Gentlemen: The undersigned American artists respectfully ask the consideration of your committee on the revision of the tariff to the proposition to substitute for the present ad valorem duties on pictures and sculptures a specific duty of $100 on each imported painting in oil, water color, or pastel, painted within the past one hundred years, or one hundred years from the date of entry.

This specific duty we believe would bring as much revenue as the present rates and at the same time keep out the trash and poor art, as well as the copies of good pictures brought in and sold as originals afterwards.

The period of one hundred years would safely cover the life and works of modern painters, whose works are most often copied and sold as originals, and would protect innocent buyers and not in any way prevent the importation of good pictures.

A. T. Van Lauz, J. N. Marble, D. J. Gue, William H. Howe, Reynolds Beal, Eugene Mulertt, Bayard H. Tyler, William G. Watt, George M. Seeds, E. M. Bicknell, Frank A. Bicknell, Amy Cross, Augustus Pikeman, Cullen Yates, William Chadwick, Gifford Beal, I. Scott Hartley, F. K. M. Rehn, E. Loyal Field, Charles F. Gruppe, G. Glesser Newell, C. H. Sherman, Edward H. Potthast, W. G. Schneider, William Verplanck Birney, William S. Robinson, V. Grantly Smith, Frank De Haven, Gustave Wiegand, George H. Smithe, J. G. Brown, Charles M. Shean, William K. Amsєken, Francis Day, Charles Frederick Naegele, Theodore K. Pembrook, Benjamin A. Haggin, F. Melville Du Mond, Rhoda Holmes Nicholls, Frederick V. Baker, Maurice Fromkes, Clara Weaver Parrish, Alethea Hill Platt, Robert David Ganley, William Cotton, Earl Stetson Sanford, E. Irving Couse, De Cost Smith, Isidore Konti, Victor D. Hecht, S. Montgomery Roosevelt, R. W. Van Boskerck, C. E. Cookman, A. C. Friedrich, A. Muller Ury, Louis Paul Dessar, Frederick Ballard Williams, Henry Ranger, John H. Fry, G. Timken Fry, Albert L. Groll, and C. Brower Darst.

RICHARD N. BROOKE, PRESIDENT SOCIETY WASHINGTON (D. C.) ARTISTS, FAVORS SPECIFIC DUTY ON WORKS OF ART.

WASHINGTON, D. C., *November 27, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means.

DEAR SIR: The undersigned has been for twenty-five years an advocate of a specific duty on oil paintings, and believes this to be the remedy desired by the vast majority of American artists. To this end he has united in every movement calculated to remove the present system of ad valorem duties. This system has the double effect of shutting out of this country private collections of a vast educational value, which in no sense enter into competition with modern American art, while admitting for a practically nominal duty the cheap refuse of all Europe.

To classify this stuff as "art" and make it "free" would appear to be indulging in sentimentalism at the cost of our younger artists, whose cause I am now pleading. Our leading artists have, as a rule, begun with limited means, with the cost of living, rent, and material in favor of the European, as well as tradition. The duty removed, this country would be promptly flooded with thousands of paintings of a class which can not even pay the present duty; dealers whose interest it will be to vaunt their superiority will multiply, and hundreds of honest and talented young men would be forced out of the profession by an unequal competition. A specific duty, say of $100, would not be felt by those importing collections of great commercial value, and would exclude art of a class which is artistically and educationally inferior, and often morally degenerate. I have the honor to be,

Respectfully, yours,

RICHARD N. BROOKE,
President Society of Washington Artists.

HENRY E. F. BROWN, ARTIST, AUTHOR, AND HISTORIAN, FAVORS A SPECIFIC DUTY ON WORKS OF ART.

BETHLEHEM, PA., *November 30, 1908.*

Hon. SERENO E. PAYNE, *Chairman,*
House of Representatives, Washington, D. C.

HONORED SIR: Since 1876 I have been a writer upon art topics. Up to the year 1890 I had been opposed to any tariff upon art—meaning painting and sculpture—notwithstanding the contention of my old teacher and friend, Mr. John Sartain, of Philadelphia. Now I see, as he did then, that a specific duty of $1,000 should be exacted for each and every painting brought to the United States.

We need no longer the ad valorem 30 per cent. It does not cover the requirements. We do need all the better class of pictures our connoisseurs buy and would like to bring home, but are prohibited by the ad valorem of 30 per cent which, on a $100,000 painting, as you know, is $30,000, while the artists who need "protection" are those who are unable to go abroad for study and who never can hope to

get $1,000 for a picture, although many are infinitely better than the usual litter of foreign studios brought to this land of milk and honey for foreign artists and valued nominally until put on sale or offered at private sale, when the hundreds are made thousands. Again, I knew a railroad magnate who bought while abroad a painting for a "song," a mere trifle, the artist being just then in disfavor, and after holding it for a year valued it at $10,000. Take "The Russian Wedding Feast," which cost Schuerman originally $5,000 in a St. Petersburg studio plus the ad valorem—$1,500—or $6,500, and through exhibitions netted him in two years $185,000, and he still retains the painting. I beg of you to supplant the ad valorem of 30 per cent to a specific duty of $1,000 on each and every painting in oil, without regard to size, condition, or merit, that may be brought into this country.

I know every artist residing in America will thank the committee for this if granted. I am not so sure of the dealers, one of whom palmed off a $25 copy of a masterpiece as the original and was paid $25,000 for it by a railroad king who knew probably more about rebates than he did of paintings.

Thanking you in advance for any consideration given this, I am, for American art,

Yours, sincerely, HENRY E. F. BROWN, F. A. A. S.

CHARLES J. TAYLOR, NEW YORK CITY, FILES BRIEF IN ADVOCACY OF RETENTION OF DUTY ON WORKS OF ART.

NEW YORK CITY, *November 18, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Believing that an effort will be made to have the duty on works of art removed, I herewith present to your committee a protest against such removal. A petition for the free entry of such merchandise having been extensively circulated and generously signed by artists and others is the reason why I have taken upon myself the liberty and the privilege of addressing to you the following brief:

1. An artist is a workman. It does not take much reading to see that in the days when painting took on its most glorious progress an artist was but a workman and painting a trade. It was as much of a trade as well digging, tiling, or cordwaining. When a painter got a job of work his employer might be a princeling or he might be another hireling like himself. Titian worked for a prince, Maroni for a tailor; and both patrons got excellent service in return.

Painting was then a busy and thriving trade, and under the stimulating direction of distinguished people it advanced in Italy to a noble pursuit. Popes, cardinals, princes, and even great tailors did their best to forward and protect the craftsmen who had undertaken the decoration and beautifying of the churches, the palaces, and the homes. Some painters got to be very well thought of, and some had the good fortune of marrying into the families of potential citizens. The painter in the beginning was looked up to in much the same way as a first-class steel craftsman is looked up to in one of our steel towns to-day.

This is not an inapt or ungenerous simile when it is remembered that many of the great painting centers in Italy were not as large as is Newark, N. J., and were probably on no higher general intellectual level.

Rafael called the place he worked in not a studio, but a bottega—a workshop. The studio of those days was just a common shop; and the boss, or head painter, had bound apprentices whom he employed in grinding his colors, cleaning his palettes, sweeping his rooms, and washing out such other and necessary articles as went with the civilization and comforts of the golden renaissance.

A writer on this subject has well said:

> In fact, any distinction of artist or workman was altogether unknown. It was to this we owe the basilica and the cathedrals, the palaces of Venice, and all such innumerable works as have come down to us from those centuries, and which are to-day the pride of civilized Europe.

Briefly put, the artist was a workman, as he is to-day a workman.

2. This workman produced a merchantable article. We are always pointing to the glorious work of the old masters. When a painter workman becomes dead and his further output is ended his work advances into the realm of rarities and takes on an enhanced value; but before this immortal stage has been reached, when the workman is turning out his product, his art, if it is anything at all, is a handicraft, and the work is of ordinary or extraordinary merit, as the time, place, and price call for. It is just the same as it is with the rug weavers of the Orient. It is all in the day's work. If the workman is feeling good and the job pleases, the work is of a higher value. Since paintings have become movable the term "art" has had much use, and we occasionally hear of motifs and temperaments. In the days of the very old masters the only movable paintings were done on backs of chairs, on linen closets, musical instruments, bedsteads, and many other more or less useful objects, and these products were sold from the painters' shops, to be sold again and again in the market places of the various towns, and many in all probability brought less than some of the rugs the roystering cavaliers wiped their boots on. The movable picture, with its frame, was then unknown, but if it had been it would have been looked upon just the same as was the work done on my lady's table.

The artist is always a workman, and he produces a something which is merchantable, something which is bartered and sold in shops, as are rugs or laces or any of the finer products in which considerable taste and skill are shown.

3. An academy of art, so called, is nothing but a trade school where the apprentice is taught to be a good, conventional workman and is shown how to produce forms that are acceptable in the market place of the exhibitions.

To-day many a young artist would feel indignant if he were told he was only a workman; but from an economic standpoint that is all he is. It does not take much of a thinker to hit upon the thought that, no matter what a painter may call himself, he is still a workman. The painter-workman has, it is true, to-day in many cases ceased to be the artist he was, but in spite of our trying to separate the beautiful from the useful, calling our workshops "art academies," the fact remains that schools of art are but schools of trade where apprentices are molded into craftsmen in much the same way as they

were educated in the workshops of old. They are initiated into all the legends, the recipes, and the jargon of the craft. All schools are conventional, are tradition bound, and academies of art are as conventional as shipyards.

The general and the main idea is to mold an apprentice so that he may become a useful workman, who will be able to produce work which when placed upon the walls of the academy, or market place, will catch the eye of the rich, the whimsies of the ostentatious, the vanity of the vulgar, or, at least, the applause of fellow-workmen who have been brought up in the same school and who desire to perpetuate its traditions and advance its esprit de corps. An exhibition of works of art is nothing but a display of wares in which the main hope is to make sales.

In days gone by, if a painter settled in a town whose art market was ordered and conducted by a monopoly called a "guild"—and if the guild had some saint's name stuck to it, so much the better for its purpose—that painter had to conform to the rules and regulations of that guild or he had to get out of the place. These men worked for bread and butter just the same as we do and they protected their market.

Is art now less of a trade than then? I think it can be truthfully said that art is now more of a trade than ever; and it is not unnatural in these days of keen competition that art academies should try to direct trade into the channels which they have made and locked. It is right that they should desire to promote the welfare of their members who add luster to their schools. These academies protect themselves and their progeny. If this is a protection country and that our policy, and under which we have made such wonderful progress, why should the duty on paintings be removed in order to allow the foreign output to come in and find a market here? It has been said that a "foreign label sells the wine." This is true. And it is true that a foreign label sells the painting.

If it is intended that foreign art shall come in free so that our museums may have their walls covered by an art that will serve to direct the tastes of the coming generations into the conventional, then the present Dingley bill provides for this. If it is the purpose of removing the duty on works of art so that our rich people may have the "label" at a lower figure, then I say "no." The painter is a workman, and this being the case, he must be protected if that is the policy of our land. What the painter abroad produces is a merchantable article, and as such should be liable to duty just the same as rugs or any other luxury of artistic intent.

It can not be said that free art from abroad is necessary for the advancement of art in this country any more than it can be said that it would advance the art of China or Japan or Holland. When it is seen how far we have advanced in the art of painting in a few years, and under a protective tariff that has built up a class of patrons who buy and appreciate American art, no one can truthfully say that protection has been a deterrent of art. If, however, it is claimed that it is necessary to have art come in free so that we may ever follow in the conventional footsteps of the old workmen, then I beg of the House of Representatives of our Congress to see that a bureau of art is established somewhat on the lines of our very popular Department

of Agriculture, that there may be formulated and published a series of farmers' bulletins, akin to those which are spread before our agricultural brothers, explaining, elucidating, evolving, and proving the various old brands of art in all the vagaries of our large, mixed, and exasperating climate, to the end that the label of everlasting happiness may be stamped upon the pockets of all our painter workmen and upon the countenances of their patrons, and your petitioner will ever pray.

CHARLES J. TAYLOR.

E. H. SEMPLE, ST. LOUIS, MO., FAVORS A PROVISION OF THE TARIFF THAT WILL ADMIT REAL WORKS OF ART.

ST. LOUIS, MO., *November 25, 1908.*

Hon. SERENO E. PAYNE,
Committee on Ways and Means, Washington, D. C.

DEAR SIR: The sentiment here, so far as I know it, is unanimously in favor of removing the tariff from good foreign art.

My personal opinion is, that if it is possible to do so, the tariff on art should be so arranged that all legitimate art (by which I mean the genuine works of masters, old and modern) should be admitted free, and that the tariff, if possible, should be prohibitive on all copies and other art that does not possess claims of genuineness.

That this last class should be kept out I regard as highly important.

Very respectfully, yours, E. H. SEMPLE.

MRS. ALICE P. BARNEY, WASHINGTON, D. C., FAVORS AN APPOINTIVE ART COMMISSION TO JUDGE WORKS OF ART.

WASHINGTON, D. C., *November 28, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Mrs. Barney believes in free art, but her belief is couched in the following suggestions, which convey her advocacy of limited free art:

She believes that the Secretary of the Treasury should appoint a president and vice-president, men of leisure and high artistic qualifications; that these two gentlemen should form a committee of 20 or 25 gentlemen of high artistic ability to pass judgment upon all works of art imported from abroad. This committee or jury, as well as their president and vice-president, should be men who would be willing to serve without a salary, just for the honor and pleasure which a participation in the artistic development of their country will afford them.

Any works of art pronounced by this jury as of sufficient excellence should be admitted free of custom duties. But in lieu of this advantage, the owners should be willing to loan these for a period of two years to the Government to be exhibited at a national museum to be founded by the Government. The public then will be given the

benefit of seeing these works of art. The advantages of such system and such national museum are too many to be enumerated here. But as an instance, we point to the ever-changing character of the exhibitions and the manifold interest they impart to the public.

At the end of two years these works of art will be returned to their owners free of duty.

As to those works of art which would not pass the rigid examination of the jury or in some points would fall short of meeting all requirements of the committee of experts, these should not be admitted free, but owners should pay on them regular custom duties.

If the owners of the accepted works of art show unwillingness to loan their imported property for such a long period as two years, they should be allowed to loan them for only a period of one year provided they pay half duties. Of course, in case such owners totally refuse to loan their property they could secure them by paying full duty, as is usual at the present time.

If this scheme or its fundamental ideas is carried out, only real works of art would be admitted into America, and the land would not be overrun with so-called " works of art " or productions of mediocre artistic abilities. More harm can be done to the public in showing them nongenuine works of art and corrupting their sense of art appreciation than by not showing them any works of art at all. Moreover, a wholesale free admission of all works of art, so called without any discrimination, would inflict a loss of profit on the Government which will not be justified by the degree of artistic development that such free art can effect in the public.

By carrying out these suggestions the Government, too, will not be without its material profit. I. It will receive duties on second-class works of art. II. It will receive half duties for works of art whose owner would not be willing to loan them for a period extending beyond one year. III. It could charge a small admission from all those who wish to enter the museum, allowing certain days in the month during which all would be admitted free. IV. That now that limited free art is not allowed, many yearly spend large sums of money abroad in order to visit and study works of art, while by having limited free art in America the bulk of that money would be spent in America itself.

There is already in existence a charter, granted by Congress in 1892, for a national academy of art, to be located in this city. A national building erected by the Government for the exhibition of works of art would prove of invaluable importance to the nation at large.

ALICE P. BARNEY.

C. H. BAYLEY, BOSTON, MASS., FAVORS GOVERNMENT REGISTRATION FOR ALL CLASSES OF PAINTINGS.

BOSTON, MASS., *November 24, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: I note that a hearing is to be given on Saturday, the 28th, to those who are advocating lower duties on free art.

This is a subject in which I am very much interested, and, as I can not be present, wish to give my opinion in the form of a letter. I have studied this subject for several years, have bought more or less paintings and other works in this country and also in Europe, and feel that the introduction of art objects, whether for public or private use, free of duty will advance the education of the people more than any other measure which the Government can put forward.

I am also positive, from my acquaintance with a very large number of American artists, that they, as a body, are heartily in favor of the duty being removed, particularly from paintings, for paintings by one artist are distinctly his own and can not be considered to be in competition with others. Therefore the present rate of duty does not, in my opinion, help the artist, brings the Government a very small revenue, and prevents the importation of many valuable paintings, which would be added to our private and public collections. I sincerely hope that this measure for free importation of paintings and other works of art may go through, and at the earliest date possible. I would even take the time and give the expense of a trip to Washington if by doing so I could help this measure along better than by letter.

One additional measure which the Government might pass to the advantage of the artists of the country and also to the general public who buy more or less paintings, is the establishing of registration for all classes of paintings, and this measure would be of the greatest help, financially and otherwise, to the artists. It could, I think, be established by making a branch registry at each government customhouse, where an artist might take his painting, register it, with a description sufficiently complete so that a person would recognize it, and the picture be given a number, and also to bear on the back of the canvas a government stamp, with its registration number. As such would cost the Government almost nothing, it might charge a small fee of, perhaps, $1, or even register without a fee, and thereafter this picture could not be copied without forgery, and would save to the artist the general copying by inferior and unscrupulous artists which is carried on at present.

It is hardly necessary for me to go into further detail, but this I have also presented to several artists, who are heartily in favor of such a measure being put forward, and so far as I know, it has never been suggested by anyone other than myself. If anyone connected with the Government wishes to take up the subject to this end, I shall be pleased to render service in getting signatures of the various artists in this part of the country.

Yours, very truly, C. H. Bayley.

J. H. STRAUSS, NEW YORK CITY, WRITES IN ADVOCACY OF A SPECIFIC DUTY ON PAINTINGS.

New York, *November 27, 1908.*

Hon. Sereno E. Payne,

Chairman Ways and Means Committee, Washington.

My Dear Sir: I beg to submit for your consideration the following proposition regarding a duty on paintings: Fifteen per cent on paintings of every description, the maximum amount to be collected

on any one painting to be $100. This will enable the collector to bring in paintings for "educational" purposes at a reasonable rate, and at the same time protect the dealer from unfair foreign competition in the way of consignments or otherwise.

Yours, respectfully,

J. H. STRAUSS,
Dealer in Oil Paintings, Water Colors, Engravings, and Etchings.

REV. C. F. WILLIAMS, NORRISTOWN, PA., ASKS FOR EXTENSION OF PRIVILEGES OF PRESENT FREE-ART PARAGRAPH.

NORRISTOWN, PA., *November 25, 1908.*

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: It is respectfully submitted to your honorable committee that in the interest of art the present Dingley tariff law be changed and modified to this extent, viz:

Paragraph 702, under the head of "Free list," be so changed as to give the individual the same right and privileges in the importation of works of art as are now therein granted to the State or any society or institution established for the encouragement of the arts, etc.

That is to say, that if the individual will comply with the rules and regulations laid down in paragraph 702, under "Free list," for the State and other organized bodies, he or she will enjoy the rights and privileges given to the State and other organized bodies in said paragraph 702.

This change in this paragraph would be fair to both the public and the individual, so it seems to the writer. So long as the said works of art are open to inspection by and the enjoyment of the public no duty need be paid. Should they be withdrawn from this exhibition, the duty should be paid. In this way the rights of both the public and individual would be safeguarded and a great impulse given to the importation of works of art from the old countries. It is hardly necessary to add that at once under such privilege as this, the United States would become the repository of many of the world's most famous masterpieces in all branches of the earlier arts, a condition of affairs which it is most earnestly hoped your honorable body will see your way clear to do all in your power to bring about.

Respectfully, yours,

C. F. WILLIAMS,
Honorary Curator Oriental Carpets, Pennsylvania Museum.

BRIDGEPORT, PA., *November 27, 1908.*

Hon. IRVING P. WANGER,
Norristown, Pa.

MY DEAR MR. WANGER: Permit me to lay before you, in some detail, the proposition that paragraph 702, under the head of "free list," in the Dingley tariff law, be so enlarged as to give to the individual, in the matter of importing works of art and other works mentioned in said paragraph, the same privileges as are now granted

in the said paragraph to the state, or any institution established for the encouragement of the arts, sciences, etc. A reference to this paragraph will show you that the individual does not now have this privilege.

You will notice that the restrictions in this paragraph are, in effect, that whosoever imports works of art under the "free list" must do these things, viz:

First. They must import them "for exhibition at a fixed place."

Second. They must import them with the understanding that said works of art "are not intended for sale."

Third. They are required to see that "bond shall be given under such rules and regulations as the Secretary of the Treasury shall prescribe for the payment of lawful duties which may accrue should any of the articles aforesaid be sold," etc.

Now, if under these restrictions the individual collector is granted the same privileges as are now given to the state, etc., in paragraph 702, it is maintained that the Government will have full protection while a great impulse will be given the collecting and bringing to this country many of the world's finest masterpieces in every branch of art.

The objection raised against the granting of this privilege to the individual, that the privilege would be abused, is hardly tenable. It really could not be abused for the reason that works of art so imported would be a burden to anyone save the individual who had in mind the public benefit and the ultimate purpose of placing these works of art in the possession of the public.

In the first place, according to paragraph 702, the owner would be compelled to provide a place for the permanent exhibition of said works of art. It might be a separate building or it might be a gallery incorporated in the architecture of his home, but it must be a place of reasonable size and fitness for the proper exhibition of these works and it must be open to the public a reasonable length of time each year.

In the second place, according to paragraph 702, the owner would be compelled to give bonds that these works of art could not be sold until the duty should have been paid, and this restriction, as well as the other mentioned, would follow the collection after the death of the owner. Indeed, it would follow the collection for all time.

It is necessary to give to collectors who are well disposed toward the public some liberty in the making of these collections, but the liberties granted in paragraph 702 would be sufficient for any collector who really had in mind the sincere purpose of serving the public. He should be granted, according to the provisions as now laid down in paragraph 702, the privilege of selling any separate work of art he might have, provided he pay the duty thereon. This would enable him to remove from his collection secondary works of art and substitute therefore the best works without requiring him to have his money invested in both examples.

It takes a long time to properly get together a collection of works of art of any branch. In doing this the collector is compelled to make changes from time to time, and the Government should give him this privilege, always requiring, of course, that the duty be paid on any articles which might be removed from the collection.

I can not see how, under the provisions in paragraph 702, the individual can not safely be granted all the privileges therein stated. I

am sure the granting of this privilege will mean great good to our country and to the generations which are to follow us.

Very sincerely, yours,

C. F. WILLIAMS.

HENRY L. HIGGINSON, OF BOSTON, MASS., STRONGLY FAVORS REMOVAL OF DUTY FROM PAINTINGS AND STATUARY.

BOSTON, *November 24, 1908.*

Hon. SERENO E. PAYNE, *Chairman.*

DEAR SIR: I am notified of a hearing before the Ways and Means Committee on the subject of "free art."

Being unable to go to the hearing, I ask leave to add my urgent request and strong hope that we dishonor ourselves no longer by laying a duty on paintings or statuary or art objects of any kind. These objects educate our people, which is the saving grace of the nation, and which is necessary in art as in other things. Of course people seek art objects for their own pleasure, but as they can not destroy them in any way, the usual result is that they drift into museums or schoolhouses and become the property of the public. We know that a good many objects of art are kept out of this country because of the duty, and this on account of the sense of injustice by the Government toward the art holders as well as on account of the money. Many people can not pay for a picture and the duty, too, and therefore do not buy it. We have enough articles of luxury which can be taxed without recourse to art objects, and I hope very strongly that Congress will, in its wisdom, make laws in favor of free art.

Very truly, yours, HENRY L. HIGGINSON.

VICTOR G. FISCHER, WASHINGTON, D. C., WRITES RELATIVE TO REMOVAL OF DUTY FROM WORKS OF ART.

WASHINGTON, D. C., *November 24, 1908.*

Hon. SERENO E. PAYNE,

Chairman of the Ways and Means Committee.

SIR: By request I beg to send you the following letter regarding free art. The late Secretary of State, Col. John Hay, told writer of this, "that the late Mr. Dingley never favored duty on art. By a subterfuge a certain Mr. Donaldson appeared before the commission then, in favor of such duty, and it was unthinkingly restored without anybody having a particular interest in it. As a revenue it amounts—comparatively speaking—to little, and the harm it has done educationally and otherwise can not be expressed in mere figures." These were Secretary of State John Hay's words.

The President wrote me the following confidential letter November 18, 1904:

> MY DEAR SIR: I am directed by the President to acknowledge the receipt of your letter of the 17th instant and to say as soon as he takes up the tariff question he will recommend that the duty on works of art be abolished.
>
> Very truly, yours,
>
> WM. LOEB, Jr.,
> *Secretary to the President.*

Three days ago the President gave me permission to use this letter with the additional expression of his being unqualifiedly for absolute removal of duty on art. Furthermore, it is well known that the President-elect is of the same opinion, that the Senate almost unanimously, and the House to a large degree, are of the same mind in regard to the favorable action on that item.

Most respectfully,

VICTOR G. FISCHER,
Fischer Art Galleries.

THE PRESIDENT OF BRYN MAWR COLLEGE THINKS A DUTY ON WORKS OF ART UNCALLED FOR.

BRYN MAWR, PA., *November 25, 1908.*

Hon. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
House of Representatives.

DEAR SIR: I beg that you will bring this letter to the attention of your committee, which I understand is now considering the possibility of modifying the tariff on works of art brought into the United States.

As the president of Bryn Mawr College, one of the four most important separate colleges for women in the United States, I come in contact through our board of directors, our faculty, our students, and alumnæ, and the many friends and supporters of the college, with people who represent many different parts of the country, and although I have frequently heard the present prohibitive tariff on works of art discussed, I have never yet heard any person of intelligence or standing in the community defend it. I have heard it frequently said that the tariff on works of art imposed by the United States is one of the things which makes an American blush for his country.

Personally, I feel very strongly on this subject. I have been engaged in the work of educating women for the past twenty-four years, and I am confident that our Government, by placing a tariff on works of art and books written in the English language imported by private persons for the use of themselves and their families, inflicts a serious injury on education in art and letters. Moreover, while the tariff on works of art damages the highest interests of our country, it does this to no good purpose. Many of the most intelligent lovers of art whom I know confidently believe that it would greatly promote the sale of American pictures by American artists painting in the United States if the tariff were taken off foreign works of art, because an enlightened love of art grows by what it feeds on, and Americans able to afford to purchase works of art who began by purchasing them abroad would be sure to end by buying much more largely than at present the works of American artists at home.

Our present tariff on art seems to everyone with whom I have discussed the subject unworthy of an enlightened and civilized nation like the United States.

We confidently believe, Mr. Chairman, that you and the Ways and Means Committee will give due weight to the above considerations.

Very respectfully, yours,

M. CAREY THOMAS,
President of Bryn Mawr College.

BOLTON SMITH, MEMPHIS, TENN., WANTS ALL ARTICLES OF ART ON THE FREE LIST.

MEMPHIS, TENN., *November 28, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Whatever may be the advantages of a protective tariff, they can not, it seems to me, apply to art, and I sincerely trust that in the bill to be reported by your committee you will incorporate a provision placing all articles of art on the free list. The absurdity of the present duty is illustrated by the following incident:

A friend brought me a vase from Greece. It was something over 2,000 years old and consequently not in any wise an article of commerce or like anything that our factories are turning out; still, he was compelled to pay a duty of $60. Such a law makes one feel a sentiment of absolute contempt for a government and its law, and it is this carelessness of the rights of the citizen which has been shown by the Republican party in its undiscriminating tariff legislation, that, more than anything else, has aroused the growing antagonism against that party. In my opinion, nothing but the unpopularity of Mr. Bryan with the conservative classes of our people has stood in the way of overwhelming democratic victory. Personally, I voted for Mr. Taft, and while I do not regard myself as a Republican, yet the course of that party under Mr. Roosevelt has been such, and I am sure under Mr. Taft will be such, that I am fast coming to feel a desire to see that party retain power. It is therefore as a wellwisher of the Republican party that I presume to recommend in this small matter of the art duty a course which, if given still more general application, would, I am convinced, assure its continuance in office.

Yours, truly,

BOLTON SMITH.

THE NATIONAL INSTITUTE OF ARTS AND LETTERS MEMORIALIZES CONGRESS IN FAVOR OF FREE ART.

NEW YORK, *November 21, 1908.*

Hon. SERENO E. PAYNE, M. C.,
Chairman of the Committee on the
Revision of the Tariff, Washington, D. C.

DEAR SIR: I have the honor to convey to you herewith the resolution adopted at a meeting of the National Institute of Arts and Letters, held at the Princeton Club, New York, November 20, 1908, and to request that you will present this resolution whenever the question of the duty on art shall come before the committee.

Will you have the kindness to acknowledge receipt of the resolution and greatly oblige,

Yours, very respectfully, R. U. JOHNSON, *Secretary.*

The National Institute of Arts and Letters, composed of representative authors, painters, sculptors, architects, and members of the

literary and musical professions, in view of the hearings now being held on the revision of the tariff, takes occasion to renew respectfully and very earnestly its former recommendations and petitions to Congress for the abolition of the duty on works of art. This duty is not only not desired by American artists, but is considered by them obnoxious and antiquated, and a handicap upon both the practice and the appreciation of art in this country.

Adopted November 20, 1908.

Attest: ROBERT UNDERWOOD JOHNSON,
Secretary.

DR. S. WEIR MITCHELL, PHILADELPHIA, PA., WRITES AS ONE OF AN OPPRESSED PUBLIC.

PHILADELPHIA, *November 25, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I hope the hearing of the matter on the 28th in regard to free art will result in something being done to enable us to bring home a great deal of educational value to a people who more than any other need instruction in the finer arts of life. I have over and over been prevented from bringing home art objects which ultimately would have reached new fields, because I could not afford to pay the additional cost assessed by the custom-house. In one instance a portrait of myself by an English artist who was then the greatest portrait painter I was obliged to leave in England for years until finally I was able to pay the excessive custom-house duties.

I can not hope that a single letter from a person like me will have any great effect in the matter, but I am one of an oppressed public, and for the general good something might well be done to lighten duties or abolish them in matters of art.

Very truly, yours, S. WEIR MITCHELL.

PRESIDENT CYRUS NORTHROP, UNIVERSITY OF MINNESOTA, THINKS FREE ART MOST DESIRABLE.

MINNEAPOLIS, *November 27, 1908.*

Hon. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: So far as I know the unanimous sentiment of the people of Minnesota is in favor of free art. The artists themselves in the State are, I believe, without exception in favor of free art, and the State Art Society, the official organization of the State, of which I am a member, has pronounced unanimously in favor of free art on more than one occasion.

I hope that the Ways and Means Committee will make an advance in the right direction and give free art to the country, as it seems to me most desirable.

Very truly, yours, CYRUS NORTHROP,
President of the University of Minnesota.

HON. SETH LOW, NEW YORK CITY, WISHES PAINTINGS AND ANTIQUE ART OBJECTS DUTY FREE.

New York, *November 25, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: I understand that the Ways and Means Committee is to hold a meeting on the subject of art in connection with the tariff on Saturday next. It gives me pleasure to express the hope that the committee will see its way clear to place paintings and at least antique objects of art upon the free list. I am in sympathy with the protective principle, as you know; but it does not seem to me to have any proper application to the field of art, in which the skill of the artist, rather than the cost of materials or the value of labor, determines the value of the product. I do not think that it tends to develop artistic taste and skill in our own country to levy a duty on the importation of articles of this character. One might just as well levy a duty upon scientific discoveries before they could be made available in this country.

It may be that by placing paintings upon the free list a certain injustice will be done to picture dealers who have paid duties upon pictures that remain still unsold, but it would not require a very large sum to refund these duties upon satisfactory proof of the facts.

Outside of this very limited field of injury from a change in the tariff, with reference to works of art, I think, at the moment, of no other harm that would be done, and I firmly believe that the educational value of such importations as would be made if art were on the free list, not only by dealers but by private citizens, would far outweigh any value to the country in money that may be collected on the objects that enter despite the duty. In the long run, a very large percentage of private importations finds its way into public museums, and it is not impossible that even more would do so if the Government admitted such objects free instead of compelling private individuals to pay for the privilege of bringing them in.

I have the honer to be,

Yours, sincerely,

Seth Low.

LLOYD WARREN, NEW YORK CITY, WISHES FREE ART IN THE INTEREST OF YOUNG ARCHITECTS AND DRAFTSMEN.

New York City, *November 25, 1908.*

Hon. Sereno E. Payne,
Chairman Ways and Means Committee,
Washington, D. C.

Sir: Allow me to write a few lines advocating the free art movement, as chairman of the committee on education. This society is conducting a course of instruction to young architects and draftsmen to the number of about 700 registered students. I have found these young men terribly handicapped in their efforts to do good work by the lack of material for inspiration in this country, especially in decorative art; that is to say, interior decoration, wood carving,

furniture, stone carving, etc. This is due very largely to the prohibitive tariff which is placed on these articles. Loan exhibitions of works of art, which are a great inspiration for students in foreign countries, are with difficulty organized here, chiefly because objects of this kind are very rare in our country. Moreover, the extreme expense of importing any art objects forces Americans to content themselves with very imperfect imitations, which deprave the taste and wholly unfit students to draw inspiration from them to compete with artists of foreign countries.

By opening our doors to works of art I am convinced we will elevate the standard of the work of our artists, and, moreover, we would keep them in our country instead of forcing them to live abroad in search for inspiration.

Yours, very truly,

LLOYD WARREN,
Chairman Committee on Education,
Society of Beaux-Arts Architects.

THE CLEVELAND (OHIO) CHAMBER OF COMMERCE MEMORIALIZES CONGRESS IN ADVOCACY OF FREE ART.

CLEVELAND, *November 25, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: This chamber is informed that on Saturday, November 28, the Ways and Means Committee will hold a hearing on the question of removing the duty upon works of art imported into this country by private individuals.

It will be appreciated by this chamber if at this hearing the inclosed resolutions, adopted by this chamber unanimously at a meeting held in October, 1906, might be read.

Very truly, yours,

CHARLES S. HOWE, *President.*

Whereas the Congress of the United States saw fit in 1898 to place a duty of 20 per cent upon works of art imported into this country by private individuals; and

Whereas such importations for the year 1905, amounted to $2,-862,000, on which $502,227 was paid in duties; and

Whereas the object of such a tax is twofold: First, to protect from competition the producers of the articles taxed, and thereby encourage the development of art industries in this country, and, second, to produce revenue for the support of the Government; and

Whereas it seems to be the judgment of the art workers of the country, and also of the general public, who are interested in art, that such duty acts as a distinct drawback rather than as an encouragement to such development; and

Whereas it appears that the class supposed to be benefited have memorialized Congress and asked for a removal of the duty; and

Whereas it is a fact that every great nation of Europe, whether actuated in general by the principles of free trade or protection, have united in putting works of art on the free list, thus setting an example which this country ought surely to imitate: Therefore

Resolved, That in the opinion of this chamber the educational value to the community derived from the increased importation of objects of art which would follow the removal of the duty is much more important than the revenue derived from this source, and, moreover, that such duty in any case is opposed to the principles of higher civilization and is therefore inadvisable and should be repealed.

Resolved also, That this resolution by this chamber be communicated to the Congressmen from the districts included in the city of Cleveland, and to the Senators from the State of Ohio, and be also communicated to Congress in such manner as may seem proper to the board of directors.

Attest:

[SEAL.] MUNSON A. HAVENS, *Secretary.*

ALLAN MARQUAND, PRINCETON, N. J., WISHES THE TAX ON WORKS OF ART REMOVED.

PRINCETON, N. J., *November 26, 1908.*

Hon. SERENO E. PAYNE,
Chairman, Washington.

MY DEAR SIR: It is with great satisfaction that I learn that the free admission of works of art is again under discussion.

As a teacher of the history of art I have often experienced the burden of being taxed for introducing into this country the material for my professional work, which material consists of works of art and their reproductions in books and photographs. Our laws are cognizant of the educational value of such objects when placed in public museums or when imported for temporary exhibition, but do not sufficiently recognize such value to the home and to the individual.

I well remember when the tariff was under revision some years ago I asked a member of the tariff committee if the tax on works of art had been removed. He said that on the contrary it had been raised. When I asked for an explanation he replied: "None of you who wished it removed were present at the hearing, but a gentleman from the South who was present asked whether American brains were not as good as those of Europeans. To this the committee assented. Then he added: 'If the tax on works of art is increased can not we manufacture them in this country as well as in Europe?' To this all agreeing, the tax was increased."

It is most unfortunate that works of art—which imply personal and intelligent handiwork, and which may represent years of labor given to the production of a single object—should be confounded with manufactured objects reproduced by the thousand by means of machinery.

I am a firm believer in the artistic possibilities of the American people, but it is my daily experience that even the sons of our best

families who come to our best colleges are mere Philistines in comparison with French, German, or Italian students of equal social standing. It will be many centuries before our country is as rich as Europe in the great monuments of historic art, but the removal of the tax on works of art and the admission free of duty of all objects made more than fifty years ago would kindle the imagination, awaken an interest in history, and arouse a love of beauty which would mean a new life for our people.

I very strongly hope, in the interests of all classes of our citizens, that this useless, unprofitable, and stultifying tax will be speedily removed.

Very truly, yours,

ALLAN MARQUAND,
Professor of Art and Archæology in Princeton University.

CHARLES M. KURTZ, PH. D., DIRECTOR OF THE BUFFALO (N. Y.) FINE ARTS ACADEMY, WISHES WORKS OF ART FREE.

BUFFALO, *November 25, 1908.*

SERENO E. PAYNE, Esq.,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR SIR: I regret exceedingly that previous engagements render it impossible for me to be present at the meeting of the Ways and Means Committee to be held in Washington on Saturday, November 28.

In common with other directors of art museums I feel keenly the disadvantage at which we are placed by the tariff on art. The excessive amount of the bond required in the case of an important collection of pictures brought to this country for exhibition purposes, and the refusal of the Government to allow works contained in such exhibitions to be sold for the benefit of the artists, even when duty would be paid on such works as might be sold, make it practically impossible for us to bring to the United States important works for exhibition. It is unreasonable to ask an artist to part with his pictures for a period of perhaps six months, during which time they are practically excluded from a market. And this is greatly to the disadvantage of art museums and the residents of the cities in which these museums are established.

For a number of years, while a resident of St. Louis, I brought to this country collections of foreign paintings, which were shown in an annual exhibition held in that city, with the result that numerous pictures were sold on each occasion—each work sold paying duty to the Government—with the attendant effects of stimulating art interest in St. Louis, making addition to the artistic possessions of the city, and offering valuable influence to the pupils in the art school.

Since coming to Buffalo to assume charge of the Buffalo Fine Arts Academy I have brought to America collections of paintings representing the Glasgow school and modern German paintings. These exhibitions attracted large numbers of visitors to the gallery—indeed, many persons visited Buffalo for the sole opportunity of viewing the

collections—and numerous paintings were sold, of which several became the property of the fine arts academy, with the result of greatly enhancing the interest and value of its permanent collection. During the present year, owing to the antagonistic attitude of the Treasury Department in Washington, it was deemed inadvisable to bring to this country a foreign collection of pictures. Largely owing to our omission of a foreign exhibit this year, our attendance has fallen off nearly 20 per cent. An exhibit of foreign pictures, open for a limited period of time, will attract visitors who might not be inclined to make the effort to visit an exhibit composed solely of American paintings, but who, being attracted by the foreign works, will see the American pictures on view, will have an opportunity of comparing them with the foreign pictures, and thus may develop a better appreciation for American art. It has been my experience that in a collection composed of American and foreign paintings the percentage of sales has been the same in the American as in the foreign section of the exhibition.

A specific duty on paintings would be quite as disadvantageous to the smaller art museums of the country as the present ad valorem duty. The pictures sold through the instrumentality of the art museums are not usually works commanding high prices, and a specific duty of $100 on each picture would render such sales practically impossible. It should be remembered, moreover, by your committee that the price which the average dealer charges for a work of art is absolutely no criterion of its artistic value. Forty years ago paintings by Corot, Daubigny, and other artists of the Barbizon school could be purchased for a few hundred francs each. They were artistically quite as valuable then as they are to-day, when thousands of dollars each are asked for the same works.

It seems almost as if it should be unnecessary, however, to recapitulate all these facts, which should be self-evident to intelligent persons.

On behalf of our institution and similar institutions in this country, I desire to express the sincere hope that the duty on art may be abrogated.

Very respectfully, yours,

CHARLES M. KURTZ,
Director the Buffalo Fine Arts Academy.

J. W. BARWELL, WAUKEGAN, ILL., THINKS A DUTY ON WORKS OF ART IS ABSURD.

WAUKEGAN, ILL., *November 25, 1908.*

Hon. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: If the people of Chicago were made aware of the advantages of free art coming into this country, probably 100,000 signatures to a petition for this purpose could be promptly obtained, and so it is all over the country.

We accept and take in all the failures, dissatisfied and the undesirable people from all the countries of Europe, whilst we carefully do our

best to keep out even the works of the best minds and thought there. It is absurd; it is like shutting out the sunlight and welcoming disease.

Yours, truly, J. W. Barwell.

THE AMERICAN FREE ART LEAGUE, NEW YORK CITY, OPPOSES A SPECIFIC DUTY ON WORKS OF ART.

New York, *December 12, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: I inclose a short argument answering the suggestion that a duty of $100 be levied on each art object.

The league asks to have this argument inserted in your record.

Yours, truly,

Frederick S. Wait, *Secretary.*

A tax on works of art violates the fundamental principles of a democracy. (President Eliot, of Harvard University.)

The duty tends to retard the growth of art in this country. (Daniel Chester French.)

Art is a universal republic, of which all artists are citizens, whatever be their country or clime. (President McKinley.)

Opposing the suggestion that a specific duty of $100 be imposed upon paintings and art objects made within the last one hundred years, the American Free Art League urges:

First. A specific duty on art objects is, in its nature, an exclusion act as regards a large class of pictures and other art objects, and has no place in a bill introduced to secure revenue for the Government. If trash and forgeries in art are to be excluded by legislative intervention, this should be accomplished by means of a commission of experts or a new governmental department.

Second. The importers of forged art objects promptly pay the duty and exhibit the government receipt for the payment as evidence to aid in deceiving an intending purchaser of the forged objects. This fraud is being constantly committed now. It has been demonstrated that the duty does not exclude forgeries.

Third. Scarcely any two art objects are exactly alike in subject or value; hence the manifest injustice of an arbitrary specific tax. Any tax on art objects deemed necessary must, from the very nature of the subject-matter taxed, be founded on and vary with the value.

Fourth. The importation of etchings, engravings, drawings, designs, studies, and sketches, most of which are of small money value but of enormous popular artistic and educational interest, would be practically if not absolutely prohibited by a specific tax. So also would the portfolios of American art students returning home.

Fifth. A specific tax constitutes an unwise discrimination. It would be very seriously felt by the small collectors and people of slender means, but might not be noticed by wealthy collectors who import only masterpieces. The importation of the older masterpieces is very important, for these constitute models that tend to stimulate our own artists and can be studied in our own country. But we need

also importations of the new evidences and varying developments of the fine arts at the art centers of the older countries.

Sixth. Collectors generally start in a small way with inexpensive things, and the process of collecting, among other things, educates the collector. The success of a collection of art objects depends not so much upon the purse of the collector as upon his artistic sagacity. The specific tax would stop art collecting by people of small means.

Seventh. The private collector is inevitably the source of supply for the art museums.

Eighth. The exchange of knowledge and information with the Old World by cable and print is unrestricted. Why build up barriers against the free interchange of the modern examples or experiments in color and form constituting what we call art?

Ninth. Art, we repeat, is the luxury of the poor. With us the Government does not collect art objects. The people secure them for educational purposes by the gifts of wealthy or artistically inclined collectors, or both, who establish galleries and museums and endow art schools.

Tenth. It does not meet the argument for free art that the present law allows the free importation of works of art for public museums and galleries. The origin of collections is invariably the zeal of individuals. They expend, in this direction, more time, effort, and money than are available to public institutions through the service and funds at their disposal. Individuals collect, in the first instance, on account of their own interest and for their own satisfaction. Often they can not afford, at least in the early stages of their collecting of foreign works, to import solely for museums, and even when able to do so are seldom willing to donate their collections until the collections are reasonably complete. In most cases they naturally wish to enjoy and enlarge their collections as long as they live. After their death their collections, either by bequest or through public sale, sooner or later pass, in whole or in large part, to the final possession of public institutions. Almost to the extent that the collectors have to pay duties on the works they import, their importations are diminished in extent and value. Consequently, the supply of valuable foreign art available ultimately for museums and public galleries, and meanwhile available for public enjoyment through loan exhibitions, is materially and seriously diminished. What the people need is encouragement for the free introduction to this country of as many works of art as anyone is willing to bring in. While the importation by private collectors means individual enjoyment for a while, for which the collectors have to pay, it means ultimate possession and enjoyment by the public, which generally does not have to pay. Therefore, the continuance of the barrier of a duty, which is neither needed for its inconsiderable revenue nor for the protection of American artists, who are so largely independent of such aid and in favor of its discontinuance, can not be supported on any reasonable public grounds.

Eleventh. The courts have noticed the tendency of Congress to favor art.

In United States *v.* Tiffany (160 Fed. Rep., 408) the court said:

> That Congress, realizing the importance of art to a comparatively new country, has in all the later tariff acts discriminated in favor of paintings and statuary can not be denied.

Twelfth. President McKinley said that a circular was sent to all the artists in the United States seeking an expression of opinion on the tariff. Of 1,435 replies received 1,345 petitioned for the removal of the onerous duty on art. (Speech of William McKinley in the House of Representatives, May 20, 1900.)

Respectfully submitted, December 10, 1908.

The American Free Art League, by its executive committee; Bryan Lathrop, president, Chicago; Robert W. De Forest, chairman executive committee, New York; Edward R. Warren, secretary, Boston; Holker Abbott, treasurer, Boston; Thomas Allen, Boston; Daniel H. Burnham, Chicago; Frank Miles Day, Philadelphia; Halsey C. Ives, St. Louis; Howard Mansfield, New York; Frederick S. Wait, secretary, New York; Myron E. Pierce, organizing secretary and counsel, 50 State street, Boston.

THE NATIONAL INSTITUTE OF ARTS AND LETTERS URGES ABOLITION OF THE DUTY ON WORKS OF ART.

New York City, *November 20, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: The National Institute of Arts and Letters, composed of representative authors, painters, sculptors, architects, and members of the literary and musical professions, in view of the hearings now being held on the revision of the tariff, takes occasion to renew respectfully and very earnestly its former recommendations and petitions to Congress for the abolition of the duty on works of art. This duty is not only not desired by American artists, but is considered by them obnoxious and antiquated and a handicap upon both the practice and the appreciation of art in this country.

Attest:

Robert Underwood Johnson, *Secretary.*

IOWA CHAPTER, AMERICAN INSTITUTE OF ARCHITECTS, PRAYS THAT TAX ON CIVILIZATION BE REMOVED.

Cedar Rapids, Iowa, *November 23, 1908.*

Hon. Sereno E. Payne,
Washington, D. C.

Dear Sir: Inclosed please find a petition from the Iowa Chapter of the American Institute of Architects for the removal of duty on works of art, which we earnestly hope will receive your attention.

Cordially, yours,

Eugene H. Taylor, *Secretary.*

CEDAR RAPIDS, IOWA, *October 21, 1908.*

To the Honorable Senate and House of Representatives in Congress assembled:

The Iowa Chapter of the American Institute of Architects, at its sixth annual meeting in the city of Cedar Rapids, Iowa, respectfully petitions for the repeal of the duty on works of art.

We believe that perfect freedom is necessary for the highest development of art in this country, and inasmuch as progress in art has ever been the test of progress in civilization, we feel that it is the duty of Congress to do whatever is within its power to promote the development of art. As one civilization bases its advance on the highest traditions of former civilizations, so the art of one country grows out of the art of the countries of the past. Greek art proceeded from Assyrian and Egyptian art. Rome learned her art lessons from Greece and Etruria. France borrowed from Italy. If America is to attain to the highest, she must profit by the lessons in art which only the Old World can teach her. If we place a tariff barrier against these lessons, it is obvious that we are shunning the light and stultifying our growth.

We pray that this tax on civilization may be removed at the earliest possible moment.

Respectfully submitted.

HENRY FISHER, *President.*
EUGENE H. TAYLOR, *Secretary.*

JAMES MACALESTER, DREXEL INSTITUTE OF ART, SCIENCE, AND INDUSTRY, SUBMITS STATEMENT RELATIVE TO FREE ART.

PHILADELPHIA, *November 24, 1908.*

Hon. SERENO E. PAYNE, M. C.,
Chairman Ways and Means Committee,
Washington, D. C.

MY DEAR SIR: I regret that it will not be possible for me to be present at the hearing with reference to the existing tax on art, to be held before the Ways and Means Committee on Saturday next. I am taking the liberty, therefore, of sending you some remarks on the subject made at the annual meeting of the Fairmount Park Art Association of this city. May I add that there seems to be a general consensus of opinion on this subject, and I am sure that public sentiment would support a modification of the existing law.

Yours, very truly,

JAMES MACALESTER.

THE UNITED STATES TAX ON ART.

At the thirty-fourth annual meeting of the Fairmount Park Art Association, Philadelphia, Dr. James MacAlister offered the following preamble and resolution:

Whereas the duty imposed upon the works of art brought to this country is one of the chief hindrances to the cultivation of a finer taste and a more widely diffused appreciation of objects of beauty among the masses of the people; and

Whereas a national association has been formed for the purpose of dealing with this question, including private citizens and the public institutions devoted to the cultivation of art by means of schools, galleries, and exhibitions: Therefore be it

Resolved, That the Fairmount Park Art Association of Philadelphia desires to express its hearty approval of the objects for the promotion of which the American Free Art League has been formed, and pledges itself to aid in every proper way in securing such action from the present Congress as shall place all works of art on the free list.

In support of the resolution, Doctor MacAlister spoke as follows:

Mr. Chairman, the present tax on art is so anomalous a feature of our national legislation that a word or two of explanation will not be out of place. It had its origin in the protective system which has been one of the great dividing principles of the political parties that have been contending for ascendency from the earliest days of the Republic. It was not, however, till the time of the Dingley act of 1897 that the present disgraceful tax was laid upon works of art brought into this country. I am not going to raise any issue as to the place which protection should hold in the industrial and economic development of the United States. That is a political question about which, I take it, a considerable diversity of opinion exists in the membership of this association. It has been a burning question in this city and State, and no doubt the high protectionist is ready with reasons why we should "stand pat" on the existing tariff laws. This much, however, must, I think, be conceded by all, that the protective policy has been the chief means of making the United States a great, powerful, and prosperous nation. Within the past generation we have become the richest country in the world. With all this material aggrandizement, the United States is coming to be politically the power to which the whole civilized world is looking for leadership in international affairs. A short time ago Lord Rosebery predicted that the time was not far distant when the political and commercial center of the world would have passed from London to New York. Now, it is important to take note of the changes in our social conditions which this unexampled growth of the industrial and commercial interests of the country has brought about. We are beginning to have the leisure and the desire for the cultivation of those habits and tastes which follow in the wake of wealth, for those higher and finer things which are the evidences of a more advanced civilization. Art is a native instinct of man's nature; but it has to wait for the time when wealth has been accumulated and is pretty widely diffused before it can flourish and become an integral part of the social and public life of the people. The American people have now reached the position where the possession of the finest works of art is felt to be a necessity, when museums and collections of paintings for the diffusion of taste among the masses are springing into existence in every part of the land; and we are beginning to realize that it is the bounden duty of the state to provide liberally for those elevating influences which art in the widest sense of the term is best calculated to exercise in a community.

In seeking to bring about these conditions we meet with serious difficulties. In the first place, we have not directly inherited the great art of past ages. We must not forget that we are a new people, in a new country, with new problems of human progress to solve. We have had to devote our energies to clearing the forests, breaking the prairies, and building up free commonwealths founded upon the equal rights of all men. These responsibilities have taxed our energies to the utmost. The old nations of Europe—Italy, France, Germany, England—have had for centuries a splendid inheritance in the paintings, the sculpture, the architecture which they count among their most valuable assets. We have had none of these advantages, and so thousands of our people cross the ocean annually, spending millions of money, to see and enjoy these precious possessions. We must not belittle our own art; and, while it is our duty to foster this, we need the influence of the great masters of the past for cultivation, for inspiration, for the public galleries where the masses can go to know and feel their fascination. Now, the absence of these great art works in the United States is an obstacle which can be overcome; but it will take time, and the tax which must be paid to bring them into this country is a hindrance that is discreditable to us as an enlightened and progressive people. I think we have an unquestioned right to have this impost upon the art culture of the nation removed. Does it not seem utterly unreasonable that those things which are so important to us at this time and which we can not produce ourselves should not be allowed to come in without paying a burdensome tax? I sup-

pose the framers of the tariff acts gave little heed to these considerations. The ostensible reason for laying a tax of 20 per cent upon works of art was the protection of American art and artists. This claim could hardly be applied to the works of the old masters, of which I have been speaking. The kind of art which it is most important for us to acquire, the productions of the great artists of past ages, can hardly be regarded as entering into competition with the work of our own artists. What competition can there be between the glorious sculpture of ancient Greece which survives to us only in a few specimens, many of them mutilated, and the work of our native sculptors? Surely the works of Botticelli and Raphael, of Rubens and Van Dyck, of Rembrandt and Holbein, of Reynolds and Gainsborough, can hardly be regarded as entering into rivalry with our own painters; and yet it is these very works that our collectors and galleries are most anxious to secure. From a commercial standpoint, it is possible to regard the contemporary art of Europe as entering into competition with the work of our own artists, but it should be known that the American artists have repudiated the protection which Congress has insisted on foisting upon them. At the time this legislation was enacted they petitioned against it, and they have since made several ineffectual efforts to have it repealed. The republic of art, like the republic of letters, does not desire discriminations of any kind within its realm. What the American artists are seeking is a public with a more cultivated and widely diffused taste for art, and this they know can best be obtained by that knowledge of the work of the great masters of the past as well as of the present time. At this moment a petition is in circulation among the artists of the United States asking for the repeal of the duties on art, which will be signed by every man of any note. In fact, no class of our people is so insistent in demanding free art as the artists in whose behalf it was claimed the present law was enacted.

No doubt the protectionists stand ready with answers to the objections I have put before you. You will be told that works of art that are purchased by, or directly presented to, our galleries and museums come in free of duty. That is true. But I need hardly remind you that the art collections in our museums and galleries have not been acquired out of their own resources. Without an exception, they have come into existence by the gifts and bequests of private citizens. Take, as the best example of this, the Metropolitan Museum of New York, which may now be classed among the great public museums of the world. The splendid galleries of that institution have been created through the munificence of private collectors. Quite lately the Rogers bequest of $6,000,000 has made it independent, to some extent, of this private liberality, but its future growth must continue to depend largely upon gifts. Our own Wilstach Galleries in Fairmount Park are another example of the same kind. We would not have these but for the liberal spirit of their founder, who wisely provided for their extension in future years by a generous endowment. Then, again, look at the magnificent collections which Mr. Morgan has been gathering in London. He has for several years been the largest purchaser of the finest art works which have been offered for sale in the Old World. He has spent millions of dollars in their acquisition, but he can not bring them to this country without paying a tax which would be in itself a considerable fortune. If we wish to see them we must make a journey to the South Kensington Museums and the National Gallery in London, where they are deposited. Mrs. Gardner, of Boston, had finally to pay the United States Government many thousands of dollars for the privilege of enriching Boston with a collection of paintings which has conferred distinction upon the city. It will be said that rich people ought to pay for such luxuries if they must have them, but that is an answer quite aside from the question at issue. Sooner or later these precious objects of art will find their way to public museums, but the fact will remain that the donors or the purchasers have been taxed to render this possible. This is especially true of our own country, where the Government has not yet reached the stage of creating and maintaining great museums for the pubic benefit. Meanwhile we must be dependent upon the taste and liberality of our wealthy citizens, and it is surely against public policy that things which can not be regarded as articles of commerce and which can not be produced in this country should be enhanced in value by an impost which has no counterpart in any other civilized land. I do not hesitate to say that this tax is a disgrace to the nation. It will appear still more so when we think of the trifling amount realized from it. Last year it was but a million of dollars—a sum which could be well spared from the vast income derived from our tariff revenue.

Mr. Chairman, I have brought this matter before the association because a national society has just been formed, which is to be known as the American Free Art League. Its object is to create a widespread interest in the conditions to which I have called attention, and to cultivate so strong a sentiment in favor of repealing the tax upon art that Congress will not be unwilling to heed the expressed wishes of the public with reference to these matters and the very general demand for the repeal of the tax upon art. The time seems to be opportune, the political conditions favorable. I therefore move the adoption of the resolution which has been presented.

The resolution offered by Doctor MacAlister, being duly seconded and put to a vote, was unanimously adopted.

Communications favoring the removal of duty from works of art were also received from the following: Francis R. Allen, 20 Fairfield street, Boston, Mass.; Mary E. Garrett, 101 West Monument street, Baltimore, Md.; Charles Allis, 903 Railway Exchange building, Milwaukee, Wis.; A. C. Smith, of M. E. Smith & Co., Omaha, Nebr.; J. A. Howell, Ogden City, Utah; J. M. Ashton, Tacoma, Wash.; J. W. Clise, Seattle, Wash.; Charles G. Saunders, 95 Milk street, Boston, Mass.; Helen Osborne Storrow, Lincoln, Mass.; May Hallowell Loud, 82 Pinckney street, Boston, Mass.; William R. Thayer, 8 Berkeley street, Cambridge, Mass.; Frances Lee, 49 Brook Hill road, Milton, Mass.; Anne D. Blake, 265 Beacon street, Boston, Mass.; Alice A. Pearmain, 388 Beacon street, Boston, Mass.; George Alfred Williams, Chatham, N. J.; Frank D. Somers, 5 Park street, Boston, Mass.; Amy D. Blakeley, 255 Warren street, Roxbury, Mass.; M. A. Coe, 96 Chestnut street, Boston, Mass.; Anna I. Phillips, North Beverly, Mass.; Charles Hopkinson, Boston, Mass.; A. S. Hill, 1 Otis place, Boston, Mass.; Mrs. Richard Saltonstall, Chestnut Hill, Boston, Mass.; H. P. Kimball, 350 Otis street, West Newton, Mass.; Eleanor Tudor, 310 Marlboro street, Boston, Mass.; Henry Holt, Burlington, Vt.; M. Eloise Talbot, the Buckminster, Beacon street, Boston, Mass.; John C. Munroe, M. D., 173 Beacon street, Boston, Mass.; H. C. Hoskier, South Orange, N. J.; Helen Marshall, curator Slater Memorial Museum, Norwich, Conn.; Harriet Ross White and Emma S. White, 217 Newbury street, Boston, Mass.; Margaret Chanler Aldrich, 18 East Twenty-sixth street, New York City; J. Randolph Coolidge, Boston, Mass.; Carleton Sprague, Buffalo, N. Y.; Harriet E. Freeman, 37 Union Park, Boston, Mass.; Henry Copley Greene, 2 Newbury street, Boston; Henrietta Crosby, 304 Berkeley street, Boston, Mass.; Frank W. Pickering, 18 Broad street, Salem, Mass.; Eva Channing, Hemenway Chambers, Boston, Mass.; Mrs. James M. Crafts, 111 Commonwealth avenue, Boston, Mass.; Louise Dawson, 8 East Madison street, Baltimore, Md.; Mrs. James T. Fields, 148 Charles street, Boston, Mass.; Mary Ware Allen, 5 Garden street, Cambridge, Mass.; Frederick P. Vinton, N. A., 247 Newbury street, Boston, Mass.; Helen I. Muirhead, 6 Riedesel avenue, Cambridge, Mass.; Elizabeth Randolph Burr, Chestnut Hill, Boston; Newton Mackintosh, the Warren, Roxbury, Mass.; Katharine P. Loring, Prides Crossing, Mass.; M. J. Sitgreaves, Chestnut Hill, Mass.; J. Payne Clark, 71 Marlboro street, Boston, Mass.; Henry T. Bailey, North Scituate, Mass.; Mr. and Mrs. B. J. Lang, Boston, Mass.; Frank L. Bowie, secretary Portland Society of Art; A. J. C. Sowdon, 66 Beacon street, Boston, Mass.; William W. Justice, Germantown, Pa.; Caroline M. Parker, Charles River, Mass.; Marie Blake, Boston, Mass.; Thomas C. Corner, 260 West Bid-

dle street, Baltimore, Md.; Grace Norton, 59 Kirkland street, Cambridge, Mass.; John A. Burnham, Boston, Mass.; Charles F. Thwing, president Western Reserve University, Cleveland, Ohio; Edith M. Howes, 1070 Beacon street, Brookline, Mass.; Sarah G. Putnam, the Charlesgate, 535 Beacon street, Boston, Mass.; Louis Prang, president Prang Educational Company, New York City; William B. Weeden, 158 Waterman street, Providence, R. I.; Prof. Aven Nelson, University of Wyoming, Laramie, Wyo.; G. M. Winslow, principal Lasell Seminary, Auburndale, Mass.; Louis B. Thacher, 131 State street Boston Mass.; Augustus C. Gurnee Bar Harbor Me.; Martha C. Thayer, 67 Sparks street, Cambridge, Mass.; Leon Collver, 420 Boylston street, Mass.; A. H. Griffith, director Detroit Museum of Art, Detroit, Mich.; Thomas M. Osborne, Auburn, N. Y.; Mary R. Sanford, 152 East Thirty-fifth street, New York City; Mary P. Gray, 25 Follen street, Cambridge, Mass.; R. C. and N. M. Vose, Boston, Mass.; Theodore F. Green, 15 Westminster street, Providence, R. I.; E. Woodward, president New Orleans Art Association, 1009 Hibernia Bank building, New Orleans, La.; T. Guilford Smith, regent University State of New York, 203 Ellicott square, Buffalo, N. Y.; Herbert Myrick, president and editor Orange Judd Company, 439 Lafayette street, New York City; Edward B. Green, 110 Franklin street, Buffalo, N. Y.; Henry Wilder Foote, Ann Arbor, Mich.; Louis C. Tiffany, Fifth avenue, New York City; I. Bell, Chicago, Ill.; Albion E. Lang, the Waldorf-Astoria, New York City; Walter Cranston Larned, 325 Dearborn street, Chicago, Ill.; R. C. Hughes, president Ripon College, Ripon, Wis.; Burton Mansfield, 179 Church street, New Haven, Conn.; Dr. J. M. Dutton, West Newton, Mass.; Mrs. Franklin Gordon Dexter, 171 Commonwealth avenue, Boston, Mass.; John W. Wrenn, 225 LaSalle street, Chicago, Ill.; George S. Palmer, New London, Conn.; A. J. Montague, Richmond, Va.; Dr. M. D. Mann, medical department, University of Buffalo, Buffalo, N. Y.; John Bapst Blake, M. D., 1415 Back Bay, Boston, Mass.; C. L. Strobel, 1744 Monadnock block, Chicago, Ill.; Joseph Prince Loud, 85 Water street, Boston, Mass.; Miles White, jr., 13 North street, Baltimore, Md.; George E. Fellows, president University of Maine, Orono, Me.; Ansley Wilcox, 684 Ellicott square, Buffalo, N. Y.; William H. Knowles, Pensacola, Fla.; J. B. Noel Wyatt, 207 East German street, Baltimore, Md.; Dr. Henry Barton Jacobs, 11 Mount Vernon place west, Baltimore, Md.; Charles Moore, Detroit, Mich.; A. D. F. Hamlin, executive head School of Architecture, Columbia University, New York City; Frank A. Barney and 40 others, Auburn, N. Y.; George W. Brown, Lincoln and Kneeland streets, Boston, Mass.; Spencer Trask, New York City; Henry J. Bowen, 469 Broadway, South Boston, Mass.; Dr. Charles Henry Miller, N. A., Queens, L. I.; A. W. Elson & Co., 146 Oliver street, Boston, Mass.; D. Blakely Hoar, 161 Devonshire street, Boston, Mass.; J. Duncan Upham, Claremont, N. H.; James R. Angell, president University of Michigan, Ann Arbor, Mich.; Martha C. Wells, Minneapolis, Minn.; Elizabeth Marbury, 1430 Broadway, New York City; Whitney Warren, 3 East Thirty-third street, New York City; John M. Carrere, 225 Fifth avenue, New York City; Clarence B. Humphreys, 272 Congress street, Boston, Mass.; C. Lawrence, Boston, Mass.; Isaac Jackson, 8 Congress street, Boston, Mass.; W. K. Richardson, 84 State street, Boston, Mass.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

JOHN DALZELL.	NICHOLAS LONGWORTH.
SAMUEL W. McCALL.	EDGAR D. CRUMPACKER.
EBENEZER J. HILL.	CHAMP CLARK.
HENRY S. BOUTELL.	WILLIAM BOURKE COCKRAN.
JAMES C. NEEDHAM.	OSCAR W. UNDERWOOD.
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JOSEPH W. FORDNEY.	JAMES M. GRIGGS.
JOSEPH H. GAINES.	EDWARD W. POU.
ROBERT W. BONYNGE.	CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Monday, December 21, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

STATEMENT OF MR. ANDREW CARNEGIE, OF NEW YORK CITY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Mr. Carnegie, the committee desired you to come before us because, first, there was an article published by you a short time since with reference to the tariff, and the committee would like to have such a statement from you in the first place as you desire to make in regard to the matter contained in that article, and especially showing the reasons why the article mentioned by you is no longer in need of a protective duty.

Mr. CARNEGIE. Mr. Chairman, I presume it would be more informal for me to sit—more like a conference. I do not want to appear as an orator.

Mr. Chairman, I am delighted to give you all the information in my power—the truth, the whole truth, and nothing but the truth. I am a reluctant witness, as you know. I thought that, not being an iron manufacturer, perhaps you would excuse me from appearing. You have judged otherwise; and now, as a citizen, it is my duty to tell you everything I know, and I shall do so.

Most fortunate, Mr. Chairman, am I, in the postponement of my appearance which has taken place. Events have traveled fast since I wrote that article early this year as a reminiscent article, a companion to an article giving my experience upon rates and rebates. I do not appear this morning as the sole announcer of the fact that the steel industry no longer needs protection. I am flanked on the right by the head of the greatest corporation that the world has ever known, who told you that we could get along without a tariff; and on the left by the harvester—what is his name?

Mr. GAINES. Mr. Metcalf.

Mr. CARNEGIE. Mr. Metcalf, yes. On the left by the head of the greatest agricultural manufacturing concern that the world has ever seen; and from the mouths of these two my statement is justified. But it was no news to me that Judge Gary would make that statement. He has never hesitated to make it long before I wrote my article; and the officials of the Government know that these were his views; not only his, but others in the steel business. It was a matter of common acquiescence, if we talked steel, that they were quite independent of the tariff. I did not think it necessary for me to go into any details to justify my statement. I produce these two witnesses that have been before you.

The CHAIRMAN. Mr. Carnegie, the president of the Pennsylvania Steel Company appeared before the committee and gave us items of cost of steel rails in his mill. He made the cost considerably higher than that of the United States Steel Corporation, and Judge Gary said in his statement that the cost of the United States Steel Company was at least $2 per ton less than some or all of their rivals in business. One aspect of his testimony—one view of it—looked as though it might be more than $2 per ton less; and the committee desires to get at the facts that will tend to show whether the taking off of the entire duty upon steel rails, for instance, would cripple the independent concerns, what few there are outside of the United States Steel Corporation, and perhaps stop their business—if we should remove the whole duty or a part of it—I think that is what Mr. Felton, the president of the Pennsylvania Steel Company, said.

Mr. CARNEGIE. Well, Mr. Chairman, there are more ways of figuring cost than there are ways of killing a cat. It is a simple matter of bookkeeping. You have a statement from Mr. Schwab that we made steel rails at $15 a ton—$12 a ton shop cost, and $3 a ton, I believe, for general expenses. Now, if the mode of keeping accounts of cost that we adopted and also held to were held to now, I do not think that the cost of steel rails to any concern in this country would be as great as either Judge Gary or the other witnesses have testified. I made a statement that a ton of steel is now made cheaper in America than any foreign countries, and if that were tested to-day at the works at Pittsburg, which made the $15 rate, and a commission should make the foreign manufacturer adopt the same mode of telling cost, then I do not believe the result would be that Pittsburg would lose the trophy or the honor of being to-day the cheapest producer of steel in the world.

Mr. DALZELL. Mr. Carnegie, the statement that Mr. Schwab made, whereby he showed the mill cost of rails at $12 a ton, related to a period some ten years or more ago——

Mr. CARNEGIE. No——

Mr. DALZELL. Just one moment. And he also gave us the present figures, based upon the same method of bookkeeping and covering the same detail of items, to show the present cost of steel rails at his mill to be $21.50 a ton mill cost.

Mr. CARNEGIE. You are quite mistaken, Mr. Dalzell. Mr. Schwab did not give you—I have not read the testimony, nor I have not read Judge Gary's testimony. I wish to be questioned, and to give you my own impressions, and tell the truth as I see it; but Mr. Schwab told me that he was not speaking for any steel mill; that he got his information from a private producer of ore in Pittsburg.

Mr. DALZELL. Well, Mr. Schwab gave us the cost of his $12 rails by items, beginning with the ore, the coke, and all that sort of thing; and he also gave us the cost of rails at the present time, commencing with the same figures, the same method of bookkeeping, and going on and following precisely the same details as in the previous case.

Mr. CARNEGIE. Mr. Chairman, upon the ore the United States Steel Company is smelting to-day, to make a ton of rails in Pittsburg they pay royalties in perpetuity of 20 cents a ton.

The CHAIRMAN. Mr. Gary testified that they paid 85 cents a ton for all they bought of Mr. Hill, of the Northern Pacific.

Mr. CARNEGIE. Quite true; but Mr. Gary has not smelted a ton of ore from Mr. Hill's mines; they are not open yet. Gentlemen, here is the proposition——

The CHAIRMAN. He stated that he made a contract to take ore during the present year, a large quantity—I do not know as he stated the quantity—at 85 cents a ton, and that they are bound by that contract to pay 4½ per cent upon the value at 85 cents of the ore they were to take out this year, and so on from year to year, the price increasing annually; the 4½ per cent is paid as a deferred payment.

Mr. CARNEGIE. Certainly; and they have a right to cancel that contract after ten years. It is a speculation in ore. My statement was that if you take the things to-day to make a ton of steel, you will make it as the party abroad can do it, and therefore that no tariff is needed, because nature has placed a tariff in favor of the home producer which not even Congress can remove. Take into consideration the cost of transporting rails from the English mill, if you please, to the seaboard, to be shipped across the Atlantic 3,000 miles to land at a seaport here, when four-fifths of that steel that they would import would be needed, on the average, at the center of population, which would be near Chicago, and therefore they would have to pay freight out there again; it is impossible that foreign manufacturers can compete seriously to the injury of our home manufacturers; otherwise, how could Judge Gary say he could do it without the tariff?

The CHAIRMAN. What do you say as to the Pennsylvania Steel Company's mill located at Harrisburg, where freights are substantially the same as Chicago or New York?

Mr. CARNEGIE. Quite true; but they do not have to pay the ocean freight.

The CHAIRMAN. That is correct.

Mr. CARNEGIE. Now, Mr. Chairman, Judge Gary is the ablest man I know in the steel business, and he tells you that their great concern does not need a duty; but the solicitude of the Judge for his competitors, or those who should be his competitors, is sublime. [Laughter.]

Mr. COCKRAN. Competitors by his own commission; perhaps you will concede that?

Mr. CARNEGIE. Allow me to continue this strain. It is sublime. It reminds one of one of Æsop's fables, where the monkey wanted to rake the chestnuts out of the fire, but put that duty upon the cats. And that is what Judge Gary is trying to do here. When he told you that his vast company could do without a tariff, that was the Judge who spoke. But when he introduced the smaller concerns, that was the lawyer, and he is equally eminent in both.

The CHAIRMAN. What do you say of the president of the Pennsylvania Steel Company?

Mr. CARNEGIE. I say, Mr. Chairman, that if he is making rails at $26.50 cost and selling rails to Canada at a loss, his stock would not be above par to-day. And the Pennsylvania Railroad Company, who own and control that work, would, I think, very soon put it under a different management.

Now, let me tell you about these dear, poor cats that Judge—no, not the judge, but the lawyer—Gary has introduced. We will take the

case of the Cambria Company, because it is the oldest. The Cambria Steel Company now is a tremendous institution. It has departments connected with its works in the manufacture of wire and other things, and it has been very successful. It can compete with the United States Steel Company within a dollar or a dollar and a half a ton, for the reason that it has everything which I know the United States Steel Company has, except that the steel company has railroads, one that I built to Pittsburg and the other that it got with the North Chicago Works. Now, the profit on transportation of their ore is the only advantage that I know that the steel company has over the Cambria, and if ever they were to compete, that profit of a dollar or a dollar and a half, whatever it is, on the transportation—it would be a cold day for the United States Steel Company—a dollar or two a ton on their product—why, Mr. Chairman. the thought is stifling; it would make me doubt about the security of my bonds, and I have not the slightest.

Now, we will take the Lackawanna Company—Mr. Chairman, I would like to hear that remark that you just made to my friend Mr. Dalzell. [Great laughter.] That is not fair. Now, just tell us what you told him.

The CHAIRMAN. I did not make a remark. I said "We are getting a little more fun than information."

Mr. CARNEGIE. I am sorry. I will step out if I am not giving information.

Mr. COCKRAN. That is his personal view. I do not think that represents the view of the committee.

Mr. CARNEGIE. Mr. Chairman, I can quite understand how you have fun, because the chairman is as full of information as I am; but I am here to tell the truth, I am bound to do it, I have sworn to tell the whole truth, and come what may I am going to do it.

The CHAIRMAN. Of course I did not mean that as a reflection on you.

Mr. CARNEGIE. I have no suspicion that you did. On the contrary, I think you whispered to Dalzell: "The jig is up." [Great laughter.]

Mr. COCKRAN. I think perhaps it was that "The jig is down."

Mr. CARNEGIE. Well, "Where was I at?" I had spoken of the Cambria Iron Company. I will now speak of the Lackawanna Company. That is another of "Lawyer" Gary's cats that he expects to use to rake the chestnuts out of the fire. He has no cause for himself, mark you, not the slightest; therefore he must find some weak and struggling people whom a reduction of the tariff would injure. Is that not true?

The CHAIRMAN. The Lackawanna Company has an ideal location, has it not, at Buffalo?

Mr. CARNEGIE. Certainly; it is a good location. What are business men for?

The CHAIRMAN. Sometimes I wonder, when I see some of them locate, what they are for.

Mr. CARNEGIE. Perhaps, because you do not know the steel business as well as those who locate it.

The CHAIRMAN. I agree with you on that.

Mr. CARNEGIE. Now, let me speak of the Lackawanna. It was a good location, but I am sorry to say, corporation like, it placed its works upon the sand, and there has been a continuous struggle ever

since to make these works run; so that it has no advantages in that respect. The Lackawanna Company has its own coal, coke, iron, stone—I place it with the Cambria in regard to United States Steel. We come, then, to the Pennsylvania Steel Company. Now, the Pennsylvania Steel Company has great works at Harrisburg and great works at Baltimore. When the Judge talks about little ones—little manufacturers—there is not one of these that is not bigger than anything I know of in Europe excepting Krupps, and that is not a manufacturer of ordinary things; its principal business is in armor. The Pennsylvania Steel Company has a mine of wealth in its ore in Cuba I am delighted to say, because the question of ore threatens to be a serious one; and they are going—they expect and I believe they are going—to make a quality of steel rails so far superior to any made now, at a cost which no other can reach except that enterprising young man, Schwab, of the Bethlehem Company, for he has a mine in Cuba, too. They are going to make a great fortune in their ore.

Now, I have said he can not figure cost, anyway. That is the same gentleman who told you he had no agreement with other steel companies; that he could sell where he pleased, to whom he pleased, and as much as he pleased. Well, Mr. Chairman, if you had asked him if he had not a sort of understanding, which had the same result as the agreement, he would have had to tell you that he had; and I do not like witnesses to talk in a double sense. We have not only to tell the truth, but we have to tell the whole truth, and I tell it.

The Pennsylvania Steel Company and the Cambria Iron Company and the Lackawanna Company were hauling steel before the Carnegie Steel Company began to build steel works, and if either of these companies is unable to compete with the world in making steel, it is quite time for the Government to cease to give them artificial protection in order to enable them to do it. That is my opinion. What is best for the country? Remember, I am one who believes that the total abolition of the duties on steel will not affect one of these companies, perhaps, to any serious extent. There may be a carload of steel landed in San Francisco, or in Galveston, that would not otherwise have arrived, but if you are going to take the money of the people to injure the Pacific coast and the Galveston coast, I think it is an unjust use of money. The Pacific coast is benefited by having ships coming there for their exports to get a little lading, because it reduces the price of transportation for their products to the competing market; and to rob the Pacific coast of its natural advantages, and Galveston of its natural advantages, in order simply that the manufacturer of the East, 3,000 miles away, should not pay $15 a ton freight upon the 2,000 tons of rails that reach the Pacific coast—there is no great amount of rails needed there—would, I believe, be an unfair policy to the people.

Now, I want to make just one remark here. There is not one of these companies that was not in the business before the Carnegie Steel Company was, and it is not the policy of any government to coddle and nurse inefficient management. These companies have had opportunities to get into a position to compete with anything, and if the Government is going to bolster up the inefficient, then it is a bad outlook for the position of America in the steel business.

The CHAIRMAN. California can be supplied from the Alabama, the Birmingham Works, can it not?

Mr. CARNEGIE. Thank you, sir, for pressing that very cogent reason for not bolstering these works in the East up.

The CHAIRMAN. Mr. Carnegie, the Bureau of Corporations of the Department of Commerce and Labor have inquired into the cost of making pig iron, steel rails, and structural steel for a period of five years from 1902 to 1906, both inclusive. They had access to the books of seven great companies, making 93 per cent of the total output of each of those articles. They have tabulated the cost ascertained from the books of those companies by an efficient corps of clerks, and with a steel expert to help them. We have the results of that tabulation, which show the average cost of steel for those five years to be $22.39 per ton. It was $22.32 for 1902, $22.78 for 1903, $21.57 for 1904, $21.30 for 1905, and $22.77 for 1906. Now, they make up a table of the items of cost of steel rails as prepared from the books, and they put the cost of Bessemer pig iron at $14.52, and for other pig iron not Bessemer, they make the cost $14.01. They say: "The difference of 51 cents between the average cost of Bessemer pig iron and of pig iron used for rails is due to the variation in the cost of the excess tonnage and to freight on some of the iron." They add that 51 cents to the cost of pig iron which they have ascertained from the same source to be $14.01 on the average for five years, and then they allow for waste $1.95, making a total cost for pig iron in a ton of rails $16.47. They make a cost of labor $1.98; manganese, and so forth, 99 cents; fuel, 35 cents; steam, 62 cents—of course labor is included in that item—molds, 15 cents; rolls, 17 cents; materials in repairs and maintenance, 42 cents; supplies and tools, 27 cents, miscellaneous and general works' expense, 51 cents; general expense, 14 cents; depreciation, 16 cents; making a total, on the average, of $22.23 for the five years.

Now, they further show that the lowest cost of steel rails by any one company for one year in their investigation was $19.33 for the year 1905, while the highest cost was $31.27 in 1903, but that, they explain, was in the starting of new works. The next highest cost was $30.29 in 1903 under normal conditions of work. And, then, they have also compiled the prices obtained for these steel rails, which were $28 a ton less freight, allowed in certain instances to certain points, which made it something over $27. I can give you about what the prices were: 1902, $27.65; 1903, $28.07; 1904, $25.70; 1905, $27.13; 1906, $27.61. And that shows a profit per ton in 1902 of $5.34; 1903, $4.32; 1904, $4.17; 1905, $5.88; 1906, $4.85, with an average of $4.97.

That is the result of this investigation made by the Department of Commerce and Labor. Of course those figures are as close as we can get at it with our information, such as we have, and they are confirmed by the testimony of Mr. Gary, who did not know that we had the figures when he came before the committee; and also by the president of the Pennsylvania Steel Company, although they spoke of 1907, when there was a boom on, and prices were a little higher—and I think they also spoke of 1906. But if those prices are correct, do you say that the removal of the whole duty on pig iron and steel rails would not cripple any steel corporation or any pig-iron producing corporation in the United States by competition coming from abroad?

Mr. CARNEGIE. Mr. Chairman, I will answer that question by asking you another.

The CHAIRMAN. Oh, do not ask me——

Mr. CARNEGIE. But "turn about is fair play;" I have answered a great many of your questions, and now answer one for me. If those figures were correct—and remember the celebrated adage of the man who said "As for figures, I know they lie"—but I ask you, as a man of sense and judgment, if those figures be anything like the real truth, how can Judge Gary stand up before you on oath, and declare that he does not need protection?

The CHAIRMAN. If he tells the truth in other respects, that he can produce steel rails at least $2 a ton cheaper than any one else; and if his product goes into this percentage, as it must, his being 50 per cent of the whole output, then it may be that Judge Gary is not so far out of the way.

Mr. CARNEGIE. You have not quite answered my question, Mr. Chairman; I am not talking about Judge Gary, I am talking about Chairman Payne. Judge Gary is the ablest man in that business. If I had followed the advice which parties gave me, to gain control of the United States Steel Company when its prices were at $8 or $9 a share, which I could easily have done, I should immediately have said to Judge Gary: "Judge, I want you to remain with me; you are the ablest manager I know;" and I would have doubled his salary, or, better still, I would have followed my practice and made him a partner. The judge spoke the truth, just as Schwab spoke the truth when he told you the cost of our steel rails, which was $15, against your $22; but it was the "judge" who spoke, as I said before, but when he pities the other people, it is the "lawyer;" and the judge is equally eminent in both. I can describe him best by a Scotch term that comes to me, and if there was a Scotchman here I would speak it, but it is not translatable, because I can not find a synonym. The Judge is what the Scotch call a "pawkee chiel." [Laughter.]

Now, there is another question that I want to ask you. If steel rails of the Pennsylvania Company cost $26.50, why is its stock, even in the depressed times, above par?

The CHAIRMAN. Oh, well, when you get into that realm, I will have to say that I do not know why stocks are above par.

Mr. CARNEGIE. Gentlemen of the committee, allow me to address you in one word: Figures will do nothing but mislead you, if you do not apply your brains to such questions as these upon which I address you. How do these people not require a tariff? And I would advise you to take Judge Gary's word for that.

The CHAIRMAN. Mr. Carnegie, how much profit should a manufacturer receive on steel rails in order to pay a reasonable interest on the investment, and to renew his plant, if necessary?

Mr. CARNEGIE. Gentlemen, that depends on what steel company it is and what the management of it is. When we made rails at $15—I have sold them at $16 in competition, but that is not a fair profit. But I refrain from naming what is a fair profit, because I think if you have competition and a free market it is for the interests of this country that the most enterprising manufacturer should make the greatest profit. If you want to keep this country ahead in steel, you can not depend upon great combinations. In the nature of the case they become conservative. Now, as an illustration: We are the foremost nation in the manufacture of steel, admittedly so, and we should be to-day. We make 23 tons of steel; Britain only makes 5. We have

suffered ourselves to fall behind in adopting improvements, except in the case of the Bethlehem Steel Company. I think Mr. Schwab deserves a vote of thanks by Congress for two things he has done. He visited Germany, and he found in one mill the practice of rolling girders of scientific form. There is not a girder made in America that does not charge the consumer for 15 per cent of steel in that beam which is useless. The form is not scientifically right. Mr. Schwab is a genius. I have never met his equal, and when he had me as a partner we were a great team. [Great laughter.]

The CHAIRMAN. That is quite evident.

Mr. CARNEGIE. He had genius and I had a little saving, common sense, and I could boss Schwab because I brought him up as a boy; and genius is, of all things, most difficult to control. And that one fellow, not in the combination, and struggling against them, beset by financial difficulties that would have almost overwhelmed any other man, nevertheless resolved that his mill should have a beam mill equal to any in the world, and he has improved upon the German and is making beams to-day scientifically correct. And he has all the orders he can take. He made 20,000 tons in one month, while we used to think when we began that beams at 2,000 a month was good work. He has carried forward America. And not only that; he saw a mill in Germany where there was not a pound of coal used. They utilize the gases over there in their blast furnaces. He adopted the same thing at Bethlehem. I tell you I am in earnest, and I hope, Mr. Chairman, and you members of the committee, that you will give Mr. Schwab the unique honor of having retrieved for America its rightful position as foremost in steel. And Mr. Schwab is rolling rails to-day that he gets $51 a ton for, because the rails we have been making are inferior, and the railroad companies are willing to pay any price for better rails. He will make those rails, and so will the Pennsylvania Steel Company next year, and sell them for $28 a ton at a good profit, because to-day he has to buy the needed nickel, but in the mines they have in Cuba there is the nickel in its natural state.

Now, I will imagine, from my own experience, what happens in a board of directors of a corporation such as that of the United States Steel Company, for instance, or the Pennsylvania Steel Company, or the Cambria Company, or any of them that is not under individual management, and where there is not strong competition to spur them on to adopt every improvement and keep our country ahead. When I started into steel, not one of my partners in Pittsburg would join me; I was so rash. They thought—and fortunately for me, gentlemen, people in the steel business have differed with me so much and so often. They did not see things as I saw them or I would be working to-day for a competence to keep my family. Now, the meeting of the board was called—mind you, this is all imaginary, but from my own experience and just what I went through. A druggist or a merchant sits over there. I had to take him because he had money and I had not. A banker sits there who owns stock——

Mr. COCKRAN. A stockbroker?

Mr. CARNEGIE. I want to say that I had no stock gambling, and I have never in my life associated with stock gamblers; but there were others just as ignorant as the stockbroker. I think that a stock gambler is one of the worst citizens that a country can have. They leave barnacles upon values, and they create none. It is gambling.

Now, Judge Gary has just read his annual report to his directors, and he shows one hundred and fifty-eight millions of profit, averaging $15.50 on every ton of steel he sold, and what do they think of that?

The CHAIRMAN. Is that on the steel rails or on the whole business?

Mr. CARNEGIE. On the whole business. It does not matter much what it is upon, but the treasury has that $150,000,000, and it is all in the steel business.

The CHAIRMAN. It would be more satisfactory if I knew what it was upon the steel-rail business.

Mr. CARNEGIE. Excuse me, but I do not think any corporation could keep its cost on steel rails separate from its general work. It would have to be estimated. But it is not steel rails that we are concerned with here; it is all articles of steel that the company make, and I am only talking about the published reports. It is impossible for me to give you detailed statements, bue here are the published reports. The Judge says that he made in one year $158,000,000 on 10,000,000 tons of rails. Everything he sold averaged $15.50. Now, this is public property, and probably you have all had the reports; they are published. And it is a great credit to the United States Steel Company that they do publish these reports.

Now, at a subsequent meeting—and this is all imaginary, but it is my own experience—at a subsequent meeting the president may suggest that his beam mills are not up-to-date, and that the American people are paying for 15 per cent of steel that is useless; and he proposes an appropriation of so many millions of dollars to place his company in its rightful position, to roll beams such as Schwab is now rolling. Now, one member who has to go in a hurry to his legitimate business will say: "Well, gentlemen, I vote against that resolution; we are doing well enough now, and we can not create any competition, because we have an understanding with all of the manufacturers;" and don't you know that Mr. President Gary had to let well enough alone, and the proposition is voted down.

Now, that is my experience with the directors that I had in the steel company. Fortunately, I bought them out and got rid of it, and then I got men like Schwab and others around me; and we went on and produced the cheapest steel that has ever been made in the world; and if you will contrast the two costs to-day, on the same basis as we make profits, and if every susidiary department is placed at cost, and the total profit credited to the steel company on the proper cost, you will find what I tell you to be true, that what we make at the mill at Pittsburg will show that it is the cheapest mill in the world to-day.

The CHAIRMAN. Can you tell us where we can get that proper cost; that is what we are after? You have been at the steel business a number of years, since 1899?

Mr. CARNEGIE. Yes; but, Mr. Chairman, when you put the price of rails in that year—please show me now how far you go back?

The CHAIRMAN. Well, 1899. Mr. Schwab wrote his letter in 1899, and placed it at $12 a ton. That is the lowest price I have ever heard stated by anybody, and I did not know but that you might make it lower.

Mr. CARNEGIE. Never, never. As I have told you, that is the banner mill, and America beats the world.

The CHAIRMAN. It was rather intimated the other day that the letter was written for other purposes and did not place the cost accurately.

Mr. CARNEGIE. My dear sir, allow me to tell you just what happened about that. I purposely refrained from reading the statements of interested parties. They are incapable of judging justly. No judge should be permitted to sit in a cause in which he is interested; and you make the greatest mistake in your life if you attach importance to an interested witness. You would not do it in a court of justice, would you? If the judge were interested in a cause, would you respect his decision? [No response.] Silence in the court. [Great laughter.] Upon my word, I must laugh at you people.

Mr. COCKRAN. The chairman was never so eloquent.

The CHAIRMAN. I want to say to you very frankly that I always weigh the witness's silence as well as his words.

Mr. CARNEGIE. Listen. Will you read me again what your expert told you, based upon information he derived from interested parties? What was the average cost of making steel rails in America the year that we were making them at $15.50?

The CHAIRMAN. We have not got that. These are only from the year 1902 to 1906, both inclusivè.

Mr. CARNEGIE. Well, 1902; that is a long time ago.

The CHAIRMAN. But 1906 is more recent, while 1902 is only five years ago. They give the average cost for each year. It happens to be the only year that the Bureau of Corporations have gone after the steel business in order to get this information, so that what we have is all that is available.

Mr. CARNEGIE. Well, Mr. Chairman, does it stand to reason that a works that makes rails at $15 a ton and cover everything, in the year that Schwab said it did, and then in those years that you mention that the average cost of rails should be so much greater?

Mr. DALZELL. But isn't that the fact, Mr. Carnegie? What do you say as to the relative cost of making steel rails in 1899, and in 1906 or 1907?

Mr. CARNEGIE. Well, gentlemen, I have told you over and over again that I do not judge by figures given by interested parties. I put it to you, Mr. Dalzell. If steel rails cost $26.50 at Harrisburg and they have to sell them at $28, why is their stock above par? Why does not the Pennsylvania Company change its management?

The CHAIRMAN. To an ordinary man that looks like a pretty good profit on a ton of steel rails.

Mr. CARNEGIE. Oh, no; oh, no.

The CHAIRMAN. I am trying to get you to say how large a profit a man ought to have.

Mr. CARNEGIE. Well, Mr. Chairman, I do not want to limit a man's profit. I would let the steel manufacturers strive to compete and manage their own business; and a man who was clever enough to make $3 or $4 more than another who was lazy, and with inert corporation management, I would be glad to have him do it in the interest of my country. It is the enterprising man that needs to go ahead.

The CHAIRMAN. What I want to know is whether, in your judgment, $5 a ton is too large or too small a profit?

Mr. CARNEGIE. Well, I say again that one man might deserve $5 a ton profit, and it would be for the good of the country if another man should make eight.

The CHAIRMAN. But I want your judgment on it as a man of sense and an expert in the steel business, as to whether $5 a ton is too great or too small a profit upon steel rails?

Mr. CARNEGIE. That is a question that I will not answer, because I do not believe it is the fair gauge of what a man ought to get. I think if a man goes in like Schwab has done in the adoption of that new experiment from Germany, for it was, mind you, an experiment, because conditions in this country might have been very different, and it is a chance that nobody else took, then I should like to see Schwab make $10 on steel rails when the slow coaches are making five: and that is for the interest of our country.

Mr. Chairman, do you know what philanthrophy can do if it gives its alms to undeserving people? It encourages those people; and if you want to do the most harm with money, give it away to those who will not struggle for themselves. And so it is in the steel concern, and with all other enterprises.

Mr. UNDERWOOD. The proposition, however, is this: In a well-organized, well-equipped, well-managed mill would $5 a ton on steel rails be an excessive profit?

Mr. CARNEGIE. I do not think it would in the best managed mill with every improvement; no, I should think not. And yet I say this, without study, as I have never—I do not attach importance to the question—but you have nothing to do with reasonable profits, as the President-elect has shown by the Republican platform, excepting in this way, and here is one of the soundest deliveries that I have heard a public man make for many a long day. Our platform is somewhat obscure and ambiguous. It can be twisted a little when you add a cost and reasonable profit. What did the President-elect say? He said two things. First, he says that we are to allow a duty comparing costs abroad with costs here; and we are to add a reasonable profit to both parties alike. That is the platform. Now, he also says there is no doubt but a tariff makes it much easier for people to combine and exact excessive profits, and therefore we should have as little of it as possible. Now, the leading steel manufacturer of the world has declared he does not need protective duties any longer. A protective duty in its nature and in its object means that the consumer has to pay a higher price than he otherwise would for the articles protected. In my opinion—and I am a protectionist like the President-elect is, and a strong one—I have studied, and I labored many years with President McKinley on the tariff; and I have never appeared before Congress without urging reduction in iron and steel, as the records will show. And I have been abused by the foremost advocate of protection in this country, the New York Tribune, for doing so. But now the Tribune itself—you have read it, I suppose—in its editorial, accepts President Taft's construction of our tariff plank, which the President-elect says we are duty bound to conform to. I would give you the Tribune article—I have a copy here—approving of that, and also Mr. Taft's stereotyped words from the report.

The CHAIRMAN. Well, of course, the Tribune is entitled to opinions, as all other newspapers are, but what we are most anxious to get at are facts upon the question. It becomes our duty to report a tariff bill, and in doing so we must have due regard for several things. In the first place, not to make the tariff unnecessarily high where we

can get the required information. On the other hand, not to withdraw protection from an industry so as to force a decrease in the price of wages. And another thing that we must bear in mind, that laterally, through large combinations of capital, there is more or less stifling of competition, and we do not want to destroy competition, Mr. Carnegie. Hence, the responsibility is up to us. It is easy for a newspaper editor or a newspaper writer to go on and talk generally about the tariff and about reducing it, scaling it down or putting it up—that is comparatively easy. They can publish something else the next day. But we are to perform a work which has to stand, and which is to have its effect one way or the other upon the industries of the country for some time to come. And what we want are facts.

Mr. CARNEGIE. Mr. Chairman, would you set yourself up, even when you are armed with all the information you can get, in opposition to Judge Gary as a judge whether the steel industry needs a tariff or not?

The CHAIRMAN. But what I want of Judge Gary is the facts. I do not want his judgment; he is not the judge in this case at all.

Mr. DALZELL. Mr. Carnegie, I think Judge Gary did not make any such broad statement as you seem to understand him to have made.

Mr. CARNEGIE. I see it announced in the newspapers.

Mr. DALZELL. But he did not. For instance, he was asked about the duty on tin plate. The duty on tin plate is a cent and a half now, and he said, when we told him that, that tin plate was manufactured at a loss, that he thought they could stand a reduction to 1.2 cents. We asked him whether or not the United States Steel Company could stand any further reduction, and he said he thought they could to the extent of 10 per cent, but not any more. So that Judge Gary is not on record at all in the way in which you put him, by saying that the United States Steel Company does not need any duty on steel. You are mistaken about it.

The CHAIRMAN. He said further in that connection that the United States Steel Company could go on and do business if steel rails were put on the free list, but that they would have to cut down wages of employees. He made that statement.

Mr. DALZELL. The newspaper report of Judge Gary's testimony, to which you referred, is evidently wrong.

Mr. COCKRAN. He said, in answer to a question of mine, page 5512 of the hearings—my question is:

> Mr. COCKRAN. Therefore, so far as you are concerned, you are not prepared to state on your own responsibility as a citizen and under your oath as a witness that any protection whatever is necessary?
>
> Mr. GARY. For the United Ctates Steel Corporation?
>
> Mr. COCKRAN. Yes, so far as the United States Steel Corporation is concerned.
>
> Mr. GARY. No.

And then he goes on and makes an exception of certain things.

Mr. DALZELL. It is just as I have said.

Mr. COCKRAN. He said as to production generally; but, so far as the steel corporation was concerned, that no protection was necessary. But as to the tin plate he did not speak of his own knowledge.

Mr. DALZELL. Oh, yes; he spoke of his own knowledge.

Mr. COCKRAN. I think you will find on that same page that he declined to state.

Mr. PAYNE. Allow me to read following what you read:

Mr. COCKRAN. Now, that is clear. There is just one thing more I want to question you about.

Mr. GARY. Of course I would have to go through the list carefully, Mr. Cockran, before I could answer your question accurately. That might be true of some commodities and not true as to others; that is, it might drive us out of business so far as some commodities are concerned.

But he also stated in another place——

Mr. COCKRAN. And, to go further, the record shows:

Mr. COCKRAN. You are not prepared to name one now?

Mr. GARY. No. The only way that could be determined is to look up the figures of cost.

The CHAIRMAN. Then he says a little farther down, in the very next clause:

Mr. GARY. This occurs to me: I do not see how we could survive in the sheet and tin plate business if the tariff is removed. I think we would be driven out of that business.

Mr. COCKRAN. Now, if you will look back, Mr. Chairman, on page 5511, you will see a reference there to this point. [Reads:]

Mr. COCKRAN. Just conceive for a moment the position of the committee and your position. We are here discussing the amount of protection—that is to say, of tax ought to be levied on the community for the protection of this industry—and if the chief factor in that protection is not able to say how much is necessary it would be difficult for us to decide that it is necessary at all, for you would not have us impose a tax on suspicion.

And the answer of Judge Gary was:

Mr. GARY. As a fair-minded citizen I would have you impose a tax which would protect our competitors, even if we did not need it.

The question was whether he could say that there was a single item on which protection was necessary.

Mr. DALZELL. And he mentioned tin plate.

The CHAIRMAN. Mr. Gary said: "My impression is that the amount which was fixed under the Wilson bill, which was 1.2, would protect us." That is, tin plate.

But we are here to get at the facts. Mr. Gary did state explicitly in another case that if we removed the entire duty, while the steel companies would still make steel rails, they would be obliged to reduce the price of wages. He said that, but whether it is true or false I do not know.

Mr. COCKRAN. I do not think he said that.

Mr. CARNEGIE. Well, Mr. Chairman, Mr. Gary only thought so. Mr. Gary has not had any experience in running under free trade. In my opinion it will make only the slightest possible difference to the American manufacturer.

The CHAIRMAN. Have not any of us had experience with the steel schedule?

Mr. CARNEGIE. Mr. Chairman, I would like to call your attention to this discussion, about what President Gary said, and the costs of this thing and that thing—you can not agree among yourselves as to what the real purport of his answer is; and the further you depend upon figures given you by interested parties—mind you, I do not think that they want to misrepresent, but naturally you would not tolerate an interested judge for a moment that sat in a cause in which

you are interested, and you should not place much value upon the testimony of interested parties.

The CHAIRMAN. But your criticism is entirely unjust about our not agreeing among ourselves. We have not had any opportunity of going over the evidence since it was printed. Of course, before making a just tariff bill, we would go very carefully over what Judge Gary said and what you have said on the subject.

Mr. HILL. You stated, Mr. Carnegie, that Mr. Schwab's statement made when he was with you, and set forth in his letter of 1899, that $12 a ton as the cost of rails was correct?

Mr. CARNEGIE. Yes, sir; and I wish to say that I did not know the letter had been written. I was abroad at the time. I took no part in the negotiations for the sale of our property. I only told my young partners that if they wished to change I was delighted; I would retire from business. But I do well remember that that was our cost; and when Mr. Schwab came to me, the first words I said to him were: "Schwab, your failures and not your sins are accountable for much of your experience." You told the truth there, and you have said, Mr. Chairman, that it seemed to weaken and it did weaken his statement when he began to explain that he was "looking for preferment in a great company," and that it was written at the suggestion of Mr. Frick. If there ever was a more foolish or gratuitous statement than that, and there was no cause for it—the man told the absolute truth.

The CHAIRMAN. As it was?

Mr. CARNEGIE. As it was.

The CHAIRMAN. He said he did.

Mr. CARNEGIE. He said he might have put in some other items that he mentioned. I do not know how he could, Mr. Chairman, because when I sold rails for $16 I did it because I knew we were not losing money.

Mr. HILL. We asked him then to give the items of cost—that is, the chairman did—and to compare those items, item by item, with the cost now. I took down his figures making up the $12 cost, and I then took down his figures making up, as I had it, on the paper, $20.93.

Now, I took down his figures making up the $12 cost; and I then took down his figures making it, as I had it on the paper, $20.93. Now, is that last item of $20.93 as correct as the figure of $19 given by Mr. Schwab?

Mr. CARNEGIE. No, sir. It is based on entirely different terms.

Mr. HILL. I would like to give you the items of cost and have you tell us in what way they are wrong.

Mr. CARNEGIE. I could not tell you about the division of costs between different departments. You can make them anything you please.

The CHAIRMAN. You mean you could not do that and tell the truth?

Mr. CARNEGIE. Yes; the truth—in a fashion, if you can say so. [Laughter.]

Mr. COCKRAN. A kind of a truth?

Mr. CARNEGIE. Yes. He can tell. Now, Mr. President, I will tell you the difference now, the difference in Mr. Felton's statement, that he was free and could sell anything and do anything that he chose

and he had no agreement; and the truth was he had no agreement. Now, that is a distinction without a difference, and it is the whole truth that you have to tell, and Mr. Schwab told you, and this is what he told me and pointed out—I did not read his testimony—but he told you expressly they were not based upon any figures of manufacturing.

Mr. HILL. Mr. Schwab started with ore, and said that at that time, when he made those figures, you were paying a royalty of 10 to 15 cents a ton, and that now the ore costs a dollar.

Mr. CARNEGIE. Excuse me, Mr. Hill. Mr. Schwab is giving you the cost of ore to a private miner of ore in Pittsburg. The royalties on the steel ore we have sold—and there were hundreds of millions of tons—and it was 20 cents a ton, and that is the cost to-day to the United States Steel Company on that ore, and it is in perpetuity. Now, he takes the value of ore to-day. Certainly there have been purchases recently of ore at higher prices. The same thing is going on in Europe. England is in far worse position as to ore than we are, or even than Germany is. Her ore supply has been derived from Spain, and these mines are now failing, and where Britain is to manufacture a ton of steel cheaply in a few years from now I confess I do not see. They are in far worse condition than we are.

Then, gentlemen, my statement was to compare the English or German cost at this time and take the two to-day. From all I know—and I have talked to steel men generally on the other side, and I have many friends there among the steel men in Britain; much of my fortune was made by learning of them and seeing their failures, and I still know them well and they visit me at Skibo and we talk over matters—and that is their complaint as well as ours, so that the relative cost of making the foreign article is rising like ours.

We are exporting steel to all the countries of the world to-day, and unless you take these broad facts into account and give them their proper bearing upon divisions of cost, arbitrary divisions of cost, you will become befogged, and the difficulty is you have had various testimony, which is an evidence of it. You must use your brains. [Laughter.]

Mr. HILL. We must have something to work on with our brains.

Mr. CARNEGIE. I say that because you have plenty of them to use, and really it was a superfluous remark to make. [Laughter.]

Mr. HILL. Mr. Schwab said it was 58 per cent ore then, and it is now 49 per cent ore. He figured the ore on the basis of 10 to 15 cents per ton royalty delivered at Pittsburg at $4.31 per ton of rails, and made an allowance, calling it, in round figures, $4.50 for the ore in a ton of rails. He says now that that royalty on ore costs a dollar. In his statement he figures the freight to the lake, the lake freight, and the rail freight to Pittsburg on 49 per cent ore. He says now that that costs $8.26. Which is correct, or are both correct?

Mr. CARNEGIE. Probably, if you purchased the ore; but I am not talking about people who buy ore and sell ore. The question is whether the steel interests of America can do without protection, as Judge Gary says they can, or whether they can not. I agree with Judge Gary. What your commission should do would be to let them go to European works and see what their costs are, and you will see what the condition of affairs is.

Mr. HILL. The question of whether they can do without it or not depends on the cost of the articles to-day, does it not? And this is the evidence of Mr. Schwab.

Mr. CARNEGIE. Let me say again these are not the manufacturer's costs that Mr. Schwab gave you. He told me he did not appear for the steel companies at all.

Mr. DALZELL. He told us they were the actual costs.

Mr. CARNEGIE. There you are again, gentlemen; you are on figures. If you are going to assume that you gentlemen, who know nothing about steel, can in a cursory examination of the case get at the facts of the case, you are deluding yourselves.

Mr. DALZELL. We want you to give the facts.

Mr. CARNEGIE. I tell you expressly that I have no details to give, but I look at the broad fact that we are exporting to all the world, and we make $15.50 a ton on everything we sell.

The CHAIRMAN. How do you know that fact, that you are making something on everything they sell? Do you know?

Mr. CARNEGIE. I read the last report of the United States Steel Company, and in that year it made that.

Mr. DALZELL. Won't you give us information how you make that $15 profit on every ton of steel rails, out of the United States Steel Company's report? Tell us how you make that out.

Mr. CARNEGIE. Mr. Dalzell, I have already stated. Have you not read that report?

Mr. DALZELL. Yes.

Mr. CARNEGIE. Did you not find that they sold 10,000,000 tons of steel?

Mr. DALZELL. I have read the figures. Tell us how you work the problem out.

Mr. CARNEGIE. I did it once. The steel company in their last report stated that they made something over 10,000,000 tons of steel of various forms, and their profits were $158,000,000. Now, it does not take much figuring to show that that is $15.50 profit for every ton they have sold, or they would not have made $150,000,000 on 10,000,000 tons of steel. Does that enter into your brain? [Laughter.]

Mr. DALZELL. Is that the way you would arrive at that result? You would divide the $150,000,000 profit by 10,000,000 tons of steel?

Mr. CARNEGIE. Sold; yes.

Mr. DALZELL. Yes; and the result you arrive at by that process, without any other figures, is a profit of $15 a ton on all the steel sold?

Mr. CARNEGIE. Certainly. Can you arrive at any other conclusion? I want to ask you a question: Can you arrive at any other conclusion? There is silence in the court again. [Laughter.] It is too bad that while I am questioned in every way I can not get a chance to get at these dignitaries. [Laughter.]

Mr. HILL. Mr. Schwab said that the royalty nine years ago was from 10 to 15 cents and now it is $1, and that the cost of the ore nine years ago per ton of steel was $2.40 and now costs $4.50. Then he said that the coke cost $1.05 a ton of steel nine years and that it costs $2.05 a ton of steel now.

Mr. CARNEGIE. I have no judgment on that except that Mr. Schwab stated to you distinctly that he was not giving manufacturing costs.

Mr. HILL. Mr. Schwab said that the labor nine years ago on a ton of steel was $1.65, and then, to my great surprise, he said it was only $1.30 now. He said that the cost of conversion of iron, including the profit, nine years ago was $3.75 and that now it is $7.50, or just twice as much.

Mr. CARNEGIE. Conversion of steel?

Mr. HILL. Conversion of iron into steel. Now, that makes a difference of $3.84 in the price of rails.

Mr. COCKRAN. How much did you say he said the cost of conversion of steel was?

Mr. HILL. Nine years ago $3.75, including profit, and $7.50 now.

Mr. CARNEGIE. Did he explain how that extraordinary increase was made?

Mr. HILL. It was a strange thing that he did not, to me, because his letter, the letter that has been referred to, said that all costs would be reduced, while the European cost would be continually advancing; and yet here is his own statement, with his own figures, showing a double cost now. Now, I want to know whether—whether the rest of the committee do or not—this latter statement is correct—just as correct as the first one?

Mr. CARNEGIE. You are asking the wrong person.

Mr. HILL. I ask your judgment.

Mr. CARNEGIE. Oh, my judgment. I decline to give my judgment against a positive statement. I believe there is a mistake there, a misunderstanding. But that is another evidence that if you gentlemen—professional gentlemen, public men—imagine that you can get at a basis of legislation while ignoring the great facts before you—that we are exporters of steel and do not import steel—and, above all things, are attempting to gainsay the evidence of a witness who is truthful because he testified, as it were, against his own company—I put the word of Judge Gary beyond all figures, and I would take the word of Judge Gary in this matter beyond all the figures—if I were, as you are, a nonmanufacturer, I would take that evidence of Judge Gary rather than the judgment which I could form, being ignorant of the steel business, from the figures you could lay before me. Your proceedings this morning show that you have different ideas and different constructions on all the figures.

The CHAIRMAN. Mr. Carnegie, these figures are almost uniform, drawn from different sources.

Mr. CARNEGIE. They are all uniform in this, that they are the work of interested parties who are incapable of rising, as we would be ourselves if we were interested—of rising to the broad facts of the case.

The CHAIRMAN. Now, you oppose to these figures no knowledge as to their correctness except these two propositions: One is that they are selling steel rails abroad; they claim that they are selling them at a loss; so have the Pennsylvania Steel Company, who testified about that. I do not know whether it is true or not, but that was the statement and explanation, and thereby it was stated that he kept his mill running the year round.

Mr. COCKRAN. I think you are mistaken in stating that Mr. Felton said he was selling at a loss.

The CHAIRMAN. I do not think so. Now, Mr. Carnegie, you base the profits of the United States Steel Company on all their manufactures. You say there are so many thousand tons of steel rails and

structural steel produced, as I understand it, and you divide their profits by that and come to the conclusion that they are making $15 a ton. You take into account all their other business. It is enormous, is it not?

Mr. CARNEGIE. Mr. Chairman, you have misapprehended me entirely. I took the statement covering all steel, and you are dealing here—this commission—with the duties on all steel.

The CHAIRMAN. Do they cover tin plate, for instance?

Mr. CARNEGIE. Surely. How could they exclude tin plate? Their statement is a summary of all the business of the year. I do not think they made more than $158,000,000. That was the extreme, and necessarily included everything.

The CHAIRMAN. The 10,000,000 tons, then, included the tin plate, did it?

Mr. CARNEGIE. I leave you to imagine that the total profits would have included that.

The CHAIRMAN. I do not want to imagine. I want to get out of you the fact of it, if you will give it.

Mr. CARNEGIE. You can not get that fact out of me. There is Judge Gary's published report.

The CHAIRMAN. Then, it comes down to this, that we must rely on Judge Gary for the facts. Is that true?

Mr. CARNEGIE. Judge Gary has already summarized the facts for you and told you you could do without it. I would rely upon that, if I were a member of this committee, as quite sufficient.

The CHAIRMAN. You consider Judge Gary a truthful man?

Mr. CARNEGIE. I do; Judge Gary.

The CHAIRMAN. He has testified here as to what we believe to be the facts.

Mr. CARNEGIE. They are the facts as he understands them. As I told you before, the question of costs of a thing depends entirely upon your bookkeeping.

Now, Mr. Chairman, I would like to ask you a question: If the cost of steel rails abroad—no; steel abroad, because we are not talking about steel rails particularly—if the cost of steel abroad has risen as the cost of steel here, then you would find that according to the interpretation of our tariff plank Judge Gary's statement was quite true, that he could still stand free trade in steel, because the cost abroad had risen as it has risen here.

The CHAIRMAN. He says the cost has risen abroad, and that the price there is $28 up to $31 or $32; $31, I think, was the highest. He put it at $31 and some odd figure. That is the selling price.

Mr. CARNEGIE. Is not that confirming just what I told you, that you have nothing to dread from free trade in steel?

The CHAIRMAN. In so far as that is concerned, yes; if they were all sold at $31, but some of them sell them at $25 and $26.

Mr. CARNEGIE. Do you know any business in the world where every dealer sells alike at a like price?

The CHAIRMAN. Yes; steel seems to now. For the last two years in this country it sells for the same price, $28, but abroad it has been selling all the way from $20 to $31, according to the demand and supply.

Mr. CARNEGIE. Yes; and very often a manufacturer would very often sell at a low price in order to keep his workmen employed. If

he is a wise man, he would never cease to keep his men working, even at a loss.

The CHAIRMAN. Mr. Felton comes in here and gives the figures from his books, and he gives instances where he has sold it, and all that sort of thing, and he says he has sold at a loss of $1 a ton on steel sold abroad. He says that was a big loss, as the gentleman says, but it was a good thing for the steel company, because it enables him to keep his plant running.

Mr. CARNEGIE. I venture a suggestion that you should send for Mr. Felton again and ask him if he agrees with Judge Gary.

The CHAIRMAN. If he what?

Mr. CARNEGIE. If he agrees with Judge Gary. The details of this thing you are not interested in. It is the broad general question, Is it allowable any longer to tax the consumer and make him pay a higher price than he would otherwise have to pay? Because that is the only result of protection.

The CHAIRMAN. It is not justifiable to tax the consumer if you can show that they can compete and get, as you say, a reasonable profit here and a reasonable profit there. It is not justifiable to tax the consumer under such conditions. I agree with you on that. But what we want to know is whether you can do it.

Mr. CARNEGIE. You have Judge Gary's testimony.

The CHAIRMAN. That is the reason we have you here. We have Judge Gary's testimony, and it would seem to show that we could not place steel rails on the free list without injury to American industry.

Mr. CARNEGIE. Excuse me. About half of the American industries would not be injured, he said. He can stand it on half the product of American industry.

The CHAIRMAN. He says he could not stand it unless he reduced the price to his workmen. He made that plain statement.

Mr. COCKRAN. I do not recall that.

Mr. CARNEGIE. The lawyer Gary is equally adroit in calling in the workmen. [Laughter.]

The CHAIRMAN. Now you refer to Judge Gary, whom you referred to a moment ago as being a truthful witness, as being a lawyer. My experience has been that lawyers are as truthful as other men. Now you are taking a fling at lawyers.

Mr. CARNEGIE. No. I take it that a lawyer in defending his own cause makes the best statement he can for it.

The CHAIRMAN. He was sworn to tell the truth, and the whole truth, and nothing but the truth, and you say he is a truthful man?

Mr. CARNEGIE. Yes, sir.

The CHAIRMAN. Now, the question of his being a lawyer or a manufacturer does not enter into that question at all.

Mr. CARNEGIE. No; it does not; but if you are speaking for your own cause I think a man is justified in making the best statement he can, especially since it is a matter of judgment for him to have.

The CHAIRMAN. Even if it conflicts with the truth?

Mr. CARNEGIE. No, sir. I do not say that his judgment was for the future, what would be in the future. My judgment is entirely the reverse.

Mr. DALZELL. You would tell us, Mr. Carnegie, that we can not get truthful figures as to the manufacture of steel from steel manufacturers. Can you tell us where we can get those figures?

Mr. CARNEGIE. I do not believe you can get those figures that you can rely upon, because there are different costs in different works, and because there are different ways of making up costs.

The CHAIRMAN. Can you get them?

Mr. CARNEGIE. No, sir. I could not pretend to get them.

The CHAIRMAN. Then how could you go to work and say what a tariff should be if you can not get the figures as to what the cost would be?

Mr. CARNEGIE. Because I should judge of my general knowledge of the steel business and what the people in the steel business admit. Judge Gary did not make that statement for the first time. He made that statement long before I wrote my article, and there are others that I have conversed with, and it has passed as a matter of general acceptance.

Mr. DALZELL. According to you, Judge Gary is not reliable. He is an interested man.

Mr. CARNEGIE. He is reliable; he is an interested man. He is not reliable, nor is any man who is interested, for estimating future effects; and he only estimated generally and gave you his judgment of future effects as to free trade, that it might injure.

Mr. COCKRAN. Mr. Carnegie, in talking about the difficulty of obtaining figures, you apply, as I understand it, your own experience in the steel trade to these reports that have been published by the steel company, and upon these two premises you base your conclusions as to the power of this industry to get along without protection?

Mr. CARNEGIE. Well, partly so; but, really, I must say, more upon Judge Gary's statement than these figures.

Mr. COCKRAN. You mean Judge Gary's statement here under oath? You are referring to that?

Mr. CARNEGIE. Yes, sir.

Mr. COCKRAN. Now, Mr. Carnegie, with reference to the difficulty of obtaining reliable figures, you mentioned once or twice the capacity of bookkeepers to distribute the profits into various channels and by the multiplication of them magnify costs before the raw material reaches the mill. Now, with reference to ore especially, I think you said that Mr. Schwab, in estimating the increased cost of ore, took its value in the market and not in cost to the United States Steel Corporation.

Mr. CARNEGIE. That is what I believe. He does not take the cost of ore as the United States Steel Company could mine it from the same mines that we mined it when we made the cheap steel.

Mr. COCKRAN. That is to say, in estimating the cost of ore, Mr. Schwab, in your judgment—and this would account for the large difference in what the ore costs the company—he took the value of the ore in the open markets to-day?

Mr. CARNEGIE. Mr. Schwab states that to you frankly. He does not misrepresent.

Mr. COCKRAN. Now, the advance in the value of ore, as distinguished from its cost to the company, is what?

Mr. CARNEGIE. I can not tell you that.

Mr. COCKRAN. It has advanced enormously?

Mr. CARNEGIE. Yes; the recent purchases of ore have advanced enormously; and abroad, gentlemen, you neglect half the case.

Mr. COCKRAN. I spent a good deal of time trying to find out from Mr. Felton that very fact when he spoke of the advance in the cost of his material. I tried to find out whether there was a corresponding advance in the cost of materials to the foreign producers, and I may say I made but little headway. Are you able to enlighten us upon that?

Mr. CARNEGIE. Not as to the exact figures, but as to the general facts.

Mr. COCKRAN. Approximately?

Mr. CARNEGIE. Yes, because I was going to repeat that I do not know what Britain is going to do for ore in a few years from now.

Mr. COCKRAN. Now, judging from the general conditions of supply—and we were told there was no particular difference in the labor conditions—the cost, in the nature of things, must have advanced proportionately abroad as it has advanced here?

Mr. CARNEGIE. That is my opinion, that the costs have advanced, from all that I hear.

Mr. COCKRAN. And therefore, so far as protection is concerned, there is no justification for a protective tax based on the cost of materials out of which steel is manufactured?

Mr. CARNEGIE. Not according to the definition of the Republican tariff plank.

Mr. COCKRAN. I am not as familiar with that document as some of the other gentlemen present. [Laughter.] I was asking as to the particular lines of policy you indicated a moment ago.

Mr. CARNEGIE. Yes; you must take the difference in cost on both sides. I do not know whether I stated that I was quite sure that if a commission were appointed to stay at the mills for a month on the other side, the first mill in Britain and the first mill in America would be the one at Pittsburg, if a disinterested expert who knows the steel business was sworn to give you the exact cost and the United States Steel Company put only in what it costs to-day and gives credit to its subsidiary companies—its coke works, its ore works, its railways, and everything that it has subsidiary—the result would be that the cost of a ton of steel abroad would be slightly greater than it is here. That leaves naturally the tariff in favor of the home producer, because they have to transport the steel here.

Mr. COCKRAN. Now, Mr. Schwab, or Mr. Carnegie—excuse me—when you were asked a question about the letter that Mr. Schwab wrote in 1898 or 1899, you said you would like to state the circumstances under which that letter was written, Mr. Schwab having stated that it was written under circumstances that induced him to minimize the cost so far as he could, consistent with the truth. Would you mind stating those circumstances?

Mr. CARNEGIE. Certainly not, Mr. McCormack. I was abroad when that letter was written, and I never saw it until my eyes inadvertently fell upon it the other day, and I read it, and I knew he told the exact truth. Mr. Schwab afterwards called to see me on a matter of business, or friendship, or both combined, and I just told him, "Why did you gratuitously say that that was written under conditions that implied that you were under pressure and were not a free agent?" And he said, "That was a piece of folly, and I

am sorry that I did it." I was sitting there, and in my way I made the remark. That is quite true, gentlemen. Mr. Schwab has told you the truth.

Mr. COCKRAN. You stated you would like to state the circumstances under which it was written. You have stated now what Mr. Schwab said about it. Are there any circumstances that you care to speak about?

Mr. CARNEGIE. He said it was written to parties who were talking about buying the steel works.

Mr. COCKRAN. Now, Mr. Carnegie, I understood you to say that in your judgment the only effect of protection to this industry now is to encourage the producers to rely upon the tariff for their profits, instead of upon improvements in the trade and in the methods of production?

Mr. CARNEGIE. That is the tendency in all combinations, in my opinion.

Mr. COCKRAN. That is undoubtedly true?

Mr. CARNEGIE. Undoubtedly true.

Mr. COCKRAN. And what you contend for now in this testimony is that the condition has been reached in the production of this commodity where the producers should be put to the development of their skill and capacity for profits, and not to trust at all to legislation?

Mr. CARNEGIE. I believe that would be best for the American public; for our country.

Mr. COCKRAN. It would be better for our country in the way of increasing the value of the product?

Mr. CARNEGIE. Yes, sir.

Mr. COCKRAN. And to increase the value of the product would necessitate the employment of more human hands?

Mr. CARNEGIE. Certainly.

Mr. COCKRAN. And therefore it would operate to stimulate the rate of wages?

Mr. CARNEGIE. Certainly.

Mr. COCKRAN. Several gentlemen here, when discussing the matter of decreasing the cost to the consumer, expressed doubt whether that would stimulate consumption. In your experience of the trade have you not found that every reduction in the cost stimulates the demand for consumption?

Mr. CARNEGIE. That is a truism.

Mr. COCKRAN. I had always supposed so, but it seems to have been doubted here, under oath, by several witnesses, whether the decrease in the cost of the commodity would stimulate the production.

Mr. CARNEGIE. I can not imagine an intelligent man doubting that.

Mr. COCKRAN. I have asked you to testify as to that in the industry you have been connected with for many years.

Mr. CARNEGIE. That has been a grave objection to the policy that has been pursued in not reducing prices in the recent panic. Now, I am one political economist who has followed the other plan. I wanted to keep all our men employed. I think the greatest loss an employer can make is to part with his good men. We had such an organization of men in our works that I think never has been equaled upon the face of the earth. We wanted not only the best workmen, but we wanted the best American citizens. We had very strict rules.

One man on duty the worse for liquor was suspended for sixty days. For a second offense he was suspended three months. On a third offense we shook him by the hand and said "Good-by."

Mr. COCKRAN. You may be said to have shaken him all over. [Laughter.]

Mr. CARNEGIE. Yes. Now, I was going to say this: When the recent panic came the policy of the Carnegie Steel Company would have been to reduce prices enormously, and it would have stimulated the capitalist, who is the shrewd man and the valuable man in the country. The man who has money during a panic is the wise and valuable citizen——

Mr. COCKRAN. Such as we see before us now——

Mr. CARNEGIE. Thank you; the same to you. [Laughter.] And the result would have been that if a man wished to build a skyscraper on his property in New York he would have said, "Here is a chance for me. Here is a bargain. I will build now." And that would have employed labor. And the same thing would have been the result in every city in the United States, and we would have run our works—I judge from the past—and kept our men employed.

Mr. COCKRAN. I want you to testify from the past, from your own experience, as distinguished from speculations. Any man may indulge in speculations on an economic proposition. Did you ever find yourself, during your experience as a steel producer, confronted with a situation where there was a depression of industry, and doubt, and met it by reducing the price? And what was the result?

Mr. CARNEGIE. We did.

Mr. COCKRAN. Insert that on the record.

Mr. CARNEGIE. If I was in business to-day again, I would not change that policy for anything, so satisfactory has been its results.

Mr. COCKRAN. If you were in business to-day as a steel producer, when the demand for steel slackened, would you stimulate it by reducing the price?

Mr. CARNEGIE. I would.

Mr. COCKRAN. And, judging by the experience of the past, that would inevitably result in increasing the demand?

Mr. CARNEGIE. It would.

Mr. COCKRAN. Judge Gary, among other subjects that he enlightened us upon, discussed his relations with the other corporations, and in answer to my question as to whether there was a general agreement among them, he stated that there was no specific agreement among them in the sense of a treaty or bargain, or even understanding, when reduced to words, expressed or reached, and all that; but, by some process which he failed to describe, before he got into the business a figure was fixed, and that figure has been fixed ever since; and that it was threatened at one time after 1899 by yourself; you were about to build some new works; you announced a purpose to build some new works, and that purpose on your part led to apprehensions that the price of $28 a ton might be reduced, and the desire to avert that possibility was the moving cause in the bringing about of the steel combination known as the "United States Steel Corporation." He testified to that, and so stated to the committee.

Mr. HILL. I do not think so. I think you are entirely mistaken, Mr. Cockran. The increase was not made until after the United States Steel Corporation was formed.

Mr. COCKRAN. You are mistaken, Mr. Hill. The price of $28 was fixed in 1899.

Mr. HILL. When was the steel corporation formed?

Mr. COCKRAN. In 1898. Now, Mr. Carnegie, Mr. Schwab testified that they jumped in one year from $14 to $28.

Mr. DALZELL. Oh, no. Look at your figures. You will find no such figures.

Mr. RANDELL. I think you will find in 1898 the price was $20, but in competition they went down to $17 or $18, and then they got tired of that fight and went back to $28 a ton.

Mr. DALZELL. You have got your figures reversed.

Mr. RANDELL. They went back to $28 before the steel trust was formed.

Mr. DALZELL. In 1897 it was $20; in 1898 it was $12.

Mr. RANDELL. Competition brought it down, and they went back to that before the steel company was organized.

Mr. DALZELL. That is right.

Mr. COCKRAN. My statement agrees with your recollection, does it not, Mr. Carnegie?

Mr. CARNEGIE. Well, gentlemen, you are in figures again. [Laughter.]

Mr. COCKRAN. I know I am, undoubtedly.

Mr. CARNEGIE. And look how befogged you get. [Laughter.] These men are trying to tell you the truth, but they talk in languages which you do not understand. [Laughter.]

Mr. COCKRAN. That is quite true.

Mr. CARNEGIE. Mr. Chairman, I wish you would listen to that suggestion or remark from me. Silence in the court. [Laughter.]

Mr. COCKRAN. Mr. Carnegie, Judge Gary stated that the various companies kept at that price. He described them as competitors, and in answer to my question whether these men were his competitors, because he entitled them as such, he said that was so; that he could drive them out of business if they went into competition.

Mr. CARNEGIE. That is a question of judgment on the part of Judge Gary. It is a speculation.

Mr. COCKRAN. Does your judgment agree with it?

Mr. CARNEGIE. No, sir; very far from it.

Mr. COCKRAN. If they are combined to agree upon the price, it is your judgment that that combination is the result of independent minds getting together, and not the result of any coercion on the part of the steel company?

Mr. CARNEGIE. You are speaking now of steel rails?

Mr. COCKRAN. I am speaking of steel production generally.

Mr. CARNEGIE. Yes, generally; I think here is the judgment again. It is not a matter of fact. My judgment is that the Pennsylvania Steel Company, the Cambria Iron Company, and the Lackawanna Company could approach so nearly to the cost of the United States Steel Company that I would begin to fear for the value of my bonds. I have stated that once.

Mr. COCKRAN. Yes; that is another thing I would like to call your attention to. You speak of Judge Gary and other persons being interested. You yourself are an interested party in the solvency of the steel company, are you not—deeply interested?

Mr. CARNEGIE. Well, sir, Mr. McCormack, I consider the steel bonds of the United States Steel Company so much more secure than any other bonds I could get, short of the United States, that I have provided for those dependent upon me by these bonds. I can not answer any more particularly than that.

Mr. COCKRAN. You believe these securities would not be in the slightest degree imperiled if steel were put on the free list?

Mr. CARNEGIE. Not the slightest. On the contrary, I believe it would be better in the long run for the steel company, and especially for the position our country would occupy as a steel manufacturer.

Mr. COCKRAN. Now, I asked Judge Gary also in his testimony where he stated in his judgment his company could drive his competitors out of business—I asked him if his power to do that rested upon their control of the ore supply, and he said it did; and I asked him, in addition, if the markets of the world, the supply of ore throughout the world, were open to his competitors, if they would not then be in a position to maintain competition, no matter what the steel company did, and he answered that it was so. Do you agree with him in that?

Mr. CARNEGIE. I agree in the latter part of the statement.

Mr. COCKRAN. He said immediately they had enough to go on, but that the ultimate supply of ore in the country was in the hands of the United States Steel Company.

Mr. CARNEGIE. We purchased a great deal of ore. I saw this coming, and——

Mr. COCKRAN. I will read his exact language, Mr. Carnegie. I asked him about the effect of this, whether they could not drive others out of competition if they wanted to. He said, "Yes," in answer to my question whether the ownership of ore was an important item; and then I said, "You practically do control the ore supply of the country?" Mr. Gary replied, "No; not now; not for the immediate future." Then I asked him, "Well, the ultimate supply?" and he answered, "Yes; I think so—that is, pretty nearly. It is not absolute control." Then I asked him whether it was sufficient to put the competitor somewhat at his mercy, and he agreed with me. Then I put this question——

> This is not the only supply of the world, by any means, is it?
>
> Mr. GARY. Oh, no.
>
> Mr. COCKRAN. So if your supply of the world were open to these competitors, and with the advantage of cheap transportation by water, which you discussed a short time ago, they might be able to make a stand for life and liberty?
>
> Mr. GARY. If you remove the duty from ore alone, and it remains so, no doubt that you would protect the people here who will in the future have to buy their ore against a possible oppression on the part of our corporation. That is your question, only in my words.

Do you agree with that?

Mr. CARNEGIE. No, sir; I do not. On the contrary, I believe the Pennsylvania Steel Company will have ore when the United States Steel Company may be short of it.

But let me again point out. What have we to do with the future? Is not this commission appointed to legislate under the conditions of to-day? Judge Gary may be wrong or he may be right. You may to-morrow get a telegram that a lode of ore has been found in the Northwest exceeding any that we have now. This country has not been explored. I know several parties now with men searching

everywhere for ore. I met one the other day. He told me that he had discovered three pockets of ore. The one was sure for 6,000,000, and he thought the other would be enormously greater. I myself lent a professional man money—he was a great geologist—I lent him money, and he is exploring for ore. If you are going to leave the present and legislate for the future, why, you are liable to mislead the country.

Mr. COCKRAN. Now, Mr. Carnegie——

Mr. CARNEGIE. One moment more. If our steel industry is ever imperiled, how easy for Congress to put on the duty again.

Mr. COCKRAN. Judging by the past, nothing would be easier, Mr. Carnegie. The easiest thing in the world in this country seems to be to get the duty. Now, let me put this question to you: It is a fact, is it not, Mr. Carnegie, that you believe it would wonderfully improve the condition of the steel industry if ore and all other elements were admitted duty free?

Mr. CARNEGIE. I do, in the long run.

Mr. COCKRAN. You believe it would not hurt any industry to-day?

Mr. CARNEGIE. No.

Mr. COCKRAN. You believe it would cheapen the cost of the article and stimulate consumption?

Mr. CARNEGIE. I do not believe it would lessen the cost of the article much.

Mr. COCKRAN. To put it on the free list?

Mr. CARNEGIE. Yes; because I assure you that it is impossible for Europe to compete successfully with the home producer of steel. That is my deliberate opinion.

Mr. COCKRAN. Suppose the tariff be removed now, because, after all, the effect on the consumer is the thing we are interested in here. Do you mean to say if the tariff was reduced or this article put on the free list it would not reduce the cost to the consumer?

Mr. CARNEGIE. Mr. McCormack, no. Once more let me say——

Mr. BONYNGE. Such is fame. [Laughter.]

Mr. CARNEGIE. I wish I could join in the laugh. What was the laugh?

Mr. COCKRAN. The laugh was that you had promoted me to a Mack. That was the laugh. You promoted me to McCormack. I am entitled rather to an O than to a Mack. [Laughter.]

Mr. CARNEGIE. You may be Scotch and Irish.

Mr. COCKRAN. No; I am Irish only. [Laughter.]

Mr. CARNEGIE. There is the same reason for claiming you as a Scotchman as there was for the Scotchman to claim Shakespeare. An Englishman who was visiting a Scotchman said to him: "You have claimed everybody who is great from Chaucer down. You will be claiming Shakespeare for a Scotchman next." The Scotchman said, "There is a prima facie case of that; illa la loo, he had intellect enough." [Laughter.]

Now, Mr. McCormack—— [Laughter.]

Mr. DALZELL. I thought you called him Micawber. [Laughter.]

Mr. COCKRAN. Something has at last turned up. [Laughter.]

Mr. CARNEGIE. I have not known Mr. Cockran all my life, but I have known him almost as long as I have known you, Mr. Dalzell. There is intellect enough there. Now, Mr. McCormack—or Mr. Cockran [laughter], you have derived a mistaken impression of my views

if you thought that under free trade the foreign producer could compete with the American in the home market.

Mr. COCKRAN. My question was whether the American would not reduce the price of steel and allow the consumer to get a cheaper article, and therefore the industry would be stimulated.

Mr. CARNEGIE. The steel combination could not raise its prices so high to the consumer if we had free trade with the world. Now, that is all that I can say.

Mr. COCKRAN. And the net result of your testimony is that by placing this article on the free list the cost would be reduced to the consumer, the amount of the production would be stimulated and largely increased, and therefore the number of human hands employed in the industry would be increased also. That is what you would expect from the reduction of this duty?

Mr. CARNEGIE. No, sir; not quite, Mr. Cockran. I must tell you that my opinion is this: That if there were free trade to-morrow between the world and America in steel, it would affect the home steel manufacturer very slightly, indeed. It is not possible for the world to compete with the home producer. But I agree with the President-elect that the effect of a tariff is to render easier combinations raising their prices to an excessive degree, beyond what they could do under free trade.

Mr. COCKRAN. That is an abstraction, Mr. Carnegie. What I want to get at is—if you will excuse me for pressing the question—your view of the reduction of this particular article, judging by your experience. Do you feel that if the article was put on the free list, it would lessen the price to the consumer, thus increasing the use of it and widening the demand for wages?

Mr. BOUTELL. I was going to suggest that you answer the first part of the question first. He has asked you in another question whether the reduction of the tariff on steel would reduce the price to the consumer.

Mr. CARNEGIE. I have already answered that. It is impossible to answer it. The steel combination might conclude it is best policy to continue the low price on rails, or to make a low price on rails; but what the law would effectually guard against is their raising the price of rails as high as with a tariff they could evidently raise it.

Mr. COCKRAN. They are evidently doing it now. According to your judgment, they must be doing that now. If the cost of producing steel rails is as low as you believe it to be, then the price of $28 a ton is an excessive price.

Mr. CARNEGIE. No; I can not agree with you there. If you will allow me to explain, to get all the truth——

Mr. COCKRAN. Yes; I want to get that.

Mr. CARNEGIE. Well, gentlemen, that agreement between the railroad companies and the producer is in every respect admirable.

Mr. COCKRAN. The railway companies and the producer?

Mr. CARNEGIE. Yes, sir; in every respect admirable. Now, I said in a letter in regard to combinations and interstate commerce—I insist on that as being an exception—the railroad companies in this country have mills upon their own lines, and they wish to distribute the rail orders fairly among the various makers, and they have agreed with the steel people that $28 a ton was a fair price. They get a great deal of traffic from the manufacturers. They make a great deal of

money out of them, and they have given them a fair price, you might say a liberal price; but I do not really think it is not a fair price for both parties. Now, the manufacturers accept from the railroad companies the portions which they think proper to give to each of them. Therefore there is no competition; and it is an arrangement which I pronounce admirable in every respect, fair to the consumer and fair to the producer.

Mr. COCKRAN. If your theory is to be believed as to the cost of steel rails, since it varies so widely from Mr. Schwab's conception of it, it is plain that $28 a ton would yield to both of you a different rate of profit. You assume that steel rails could be made at the outside at $18. Is not that what you figure it would cost?

Mr. CARNEGIE. Mr. Cockran, I have never made a statement in regard to that, so far as I know.

Mr. COCKRAN. No; but you said this, and it must mean something, that the cost of $22 or $21 was too high, and you said that in such a way as indicated the belief that it was too high.

Mr. DALZELL. I did not hear Mr. Carnegie express any opinion as to the cost of steel rails at all.

Mr. COCKRAN. I think Mr. Carnegie smiled at least, audibly, at our acceptance of his figure.

Mr. CARNEGIE. Mr. Cockran, please do not interpret my smile. I am a born laugher, and I have laughed all through my life, and confronted all the troubles of life with laughter. I have escaped a great many troubles by laughing, and I would not lose that little faculty for anything.

Mr. DALZELL. Besides that, the stenographer can not get your smile down. [Laughter.]

Mr. COCKRAN. Would you mind telling us whether you would consider $22 too much?

Mr. CARNEGIE. I do not say anything about it. I told you over and over and over again that I would not sit and figure on these costs and hear the testimony for anything in the world.

Mr. COCKRAN. Do I understand you, Mr. Carnegie, that when you expressed doubt, as I understood, of these costs and figures—the cost of conversion, for instance—was it that $7.50 is too high? Did you not state that?

Mr. CARNEGIE. I did question that, and thought it was a mistake.

Mr. COCKRAN. If it was a mistake——

Mr. CARNEGIE. I am not prepared to say it is a mistake. It is surprising to me; it is surprising that that should be so much.

Mr. COCKRAN. I see. So, then, you do not undertake to say that in your judgment this cost of steel rails, as stated by the chairman, is too high?

Mr. CARNEGIE. I would investigate that subject before forming an opinion; before entering a judgment I would investigate it.

Mr. COCKRAN. So that in point of fact all this testimony that you give before us is nothing but an adjuration to this committee to look to their figures?

Mr. CARNEGIE. If I have succeeded in doing that, I am glad.

Mr. COCKRAN. You have succeeded in doing that.

Mr. CARNEGIE. I do not know as to that.

Mr. UNDERWOOD. I notice in the reports that in the last decade, although the production of iron and steel in this country has nearly doubled, the production of Germany has increased from a third to a quarter, and the production in England has practically stood still. Can you give us the reasons for that condition in the English market?

Mr. CARNEGIE. Here is another opinion that I have to express upon this subject: You see, I may be right or I may be wrong——

Mr. UNDERWOOD. You just stated that at Skibo you talked with English producers. I would like to have you explain that.

Mr. CARNEGIE. I believe I can explain that. I believe I have told you that in my opinion Great Britain has reached the apex of its manufactures; that its coal is thinner as it is getting deeper, and its supply of ore is getting low to a degree; and that accounts for Britain not manufacturing more steel, and it accounts for Germany manufacturing more. Germany has had a great increase of population. She is developing her manufactures. She has 60,000,000 of people, as against Great Britain's 40,000,000, and she has increased her steel production.

Mr. UNDERWOOD. Is any large percentage of British ore brought from Spain at this time to be used in manufactures?

Mr. CARNEGIE. Yes, sir; there is. I am now telling what I hear. I have not personally investigated it, and yet I believe that the impressions I have received are correct. The ore is getting of less value and with less iron in it, and the mines, I am told, are failing in their supply.

Mr. UNDERWOOD. Do you know what the cost to the British manufacturer is to bring the Spanish ore to the furnace?

Mr. CARNEGIE. No, sir; I do not.

Mr. UNDERWOOD. Do you know, Mr. Carnegie, anything about the development of Norwegian ores?

Mr. CARNEGIE. Yes, sir. In an article written for the Nineteenth Century and After, I think I have said that it is a matter of the gravest importance that these Norwegian ores should not be found as expected. I should say this, that I have read a recent report of the company called the Blundenberg Company, and I find it most disappointing. It is to be reconstructed and recapitalized, and so far it has not been a success.

Mr. UNDERWOOD. Are these Norwegian ores far from the coast, or are they on the coast line?

Mr. CARNEGIE. I think some of them are some distance from the coast—eighty-odd miles. I think some are that are now worked for Germany—for Germany, even, is compelled to go to those sources of supply and to put on boats for that purpose.

Mr. UNDERWOOD. Do you think it is possible, when the English ore mines play out, for them to obtain or ship a supply of ore from the Norwegian banks?

Mr. CARNEGIE. From what I have told you, you will yourself see that it is wholly problematical. The prospects are not as good as they were.

Mr. UNDERWOOD. In your judgment, then, we are not threatened with cheaper Norwegian ores in English furnaces?

Mr. CARNEGIE. No; on the contrary——

Mr. UNDERWOOD. Now, as to the relation of ore and coal supplies in Germany; from your investigation of these matters is the coal and ore supply near the furnaces, or do they have a long distance to haul?

Mr. CARNEGIE. I must be excused from speaking of Germany. I have not been able to give it the study that I made elsewhere.

Mr. UNDERWOOD. Inasmuch as you have traveled there, I thought perhaps you had made an investigation.

Mr. CARNEGIE. No, sir. I had the pleasure of visiting the Emperor at Kiel and of having a talk with him. He is also a laughing man. But I did not go into the ore question.

Mr. UNDERWOOD. Mr. Schwab made a very important statement here the other day to the effect that he did not think the labor cost on the iron or steel or pig iron was greater here than in England, but that the difference that existed was due to the fact that the American laborer could produce a larger amount; the greater productive capacity was due to improved machinery in the plants and in the furnaces. Do you agree with him in that?

Mr. CARNEGIE. Decidedly. I agree with him fully.

Mr. UNDERWOOD. He also said that the cost of making a pig-iron or steel plant in England was more than double, at least, that of producing the same plant in this country. I believe he said it cost a third in England as compared with the cost of building a modern furnace or steel plant in this country.

Mr. CARNEGIE. You mean that the cost of the furnace abroad was one-third of the cost of it here?

Mr. UNDERWOOD. Yes; that is what he said. What is your information in reference to that?

Mr. CARNEGIE. I have none; but I think, when you speak of furnaces, you are getting into another trouble about costs. You can buy a horse for $100, and another you can not buy for $1,000. You can build a furnace for one or two hundred thousand dollars, and it would be a much dearer furnace, perhaps, than the one you paid half a million dollars for.

Mr. UNDERWOOD. I understand; but I want to know whether, under the conditions, our steel plants require more capital and investment to produce the same tonnage than they do in an English furnace.

Mr. CARNEGIE. I should say that was highly probable; yes.

Mr. UNDERWOOD. Can you give us the difference?

Mr. CARNEGIE. No, sir; I can not. Our furnaces in America—every year or two we build them bigger and bigger and make a cheaper product in consequence.

Mr. UNDERWOOD. That accounts for the additional cost?

Mr. CARNEGIE. Largely. Now, good-by, Mr. Cockran, and good-by, Mr. Underwood. [Laughter.]

Mr. DALZELL. Mr. Carnegie, you expressed some opinion in answer to the question of Mr. Cockran about our future supply of ore. What was your opinion on that subject?

Mr. CARNEGIE. Whose ore?

Mr. DALZELL. Mr. Cockran asked you something about our future supply of iron ore. I do not recall what your answer was.

Mr. CARNEGIE. My answer is, that any man who can see into the future I should like to get him to tell me.

Mr. DALZELL. You are not anticipating any early exhaustion of our ore supply?

Mr. CARNEGIE. Oh, no.

Mr. DALZELL. I think you said before the conservation congress that seventy years from now we would have no ores.

Mr. CARNEGIE. Oh, I beg your pardon; I said first-class ores. That is a very different proposition.

Mr. DALZELL. I am not informed. I was asking for information.

Mr. CARNEGIE. I said, Mr. Dalzell, that would be the case if our rate of increase continued as it had been doing, which is at the extraordinary speed of doubling every ten years. You see, if we used 100,000,000 tons in 1900, we would use 200,000,000 tons in 1910; we would use 400,000,000 tons in 1920, and we would use 800,000,000 tons in 1930; that is, at the rate at which we are going; and in my opinion it would be grossly misleading.

Mr. DALZELL. If you think we are going at that rate that you now describe, in seventy years from now we would have exhausted our high-grade ores?

Mr. CARNEGIE. That is the statement. On the other hand, seven years from now England, Britain, will be just where we would be in seventy years, with this difference: Britain will have no ores whatever.

Mr. COCKRAN. You are speaking as to seventy years, not seven years, as Mr. Underwood understands, I believe?

Mr. CARNEGIE. Oh, no; seventy years. I think that needs revision. I said that seven or eight years ago I made an estimate that, in my judgment, there were only two firms making steel who would have ore in twenty years; that there were only two firms—that is, thirteen years from now—who would have ore lasting to that time.

Mr. DALZELL. I have just been informed that I did not state your conservation congress opinion correctly. You stated forty years instead of seventy years.

Mr. CARNEGIE. But you said that I said seventy years, and I naturally thought that you were correct. I can not pretend to remember. I took your own figures.

Mr. DALZELL. I want to correct my own figures, because they were wrong.

Mr. CARNEGIE. What is it?

Mr. DALZELL. I was informed that you stated at the conservation congress that seventy years from now our ore would be exhausted. I am now informed that you stated forty years from now, instead of seventy years, so I did not put my question correctly in the first instance.

Mr. CARNEGIE. Whatever I stated there was the result of the best expert information at my command.

Mr. DALZELL. I just wanted the fact, that is all.

Mr. CARNEGIE. Yes, sir.

Mr. FORDNEY. Mr. Carnegie, this committee is called upon to get information, the most reliable possible or obtainable, and to prepare a tariff bill to present to Congress, and the committee is aiming to obtain the very best possible information, not only on steel and iron, but on each and every article in every paragraph in the bill. I do not believe there is a man on the committee to-day who is interested in

the production and manufacture of steel. Therefore we must rely upon the information obtained here from witnesses. The committee called Mr. Schwab. He came here and readily gave information. I am frank to say that I have never met a man who had such a world of information as Mr. Schwab.

Mr. CARNEGIE. He is a genius.

Mr. FORDNEY. I do not think I have ever met a man more thoroughly posted in the business in which he is engaged and who could give such detailed statement of the cost from the raw ore in the ground to the finished steel as Mr. Schwab. We took his testimony and are weighing it for what it is worth. Mr. Gary came here and gave testimony. I believe him to be a thoroughly honest man in the statement which he made. He gave his testimony to the best of his knowledge. You have referred to him as a very competent and a very-well posted man, and if I interpreted your Scotch story correctly, you intended to mean that he was a very "slick article?"

Mr. CARNEGIE. No, no. [Laughter.]

Mr. FORDNEY. Then, I stand corrected. I do not speak Scotch, but some man whispered in my ear that that meant in English "a very slick article."

Mr. CARNEGIE. Not the slightest. On the contrary, it means one of the most lovable and friendly natures. I can not explain exactly what it does mean. It means he is shrewd; it means that he is deeply interested and does not neglect number one, and yet it means that he has such a delightful and sweet nature and is very shrewd. You have to examine closely what he says. [Laughter.] Now, that does not quite give it to you. Judge Gary had no intention of misrepresenting the conditions——

Mr. FORDNEY. No; I do not believe he did.

Mr. CARNEGIE (continuing). But I think it was the cleverest dodge I have heard of in pushing his weak brethren forward to invoke your sympathy for them and not on his account, not for the world, to forbear abolishing the duties on steel. He can stand it, but his poor brethren [laughter]; for their sake forbear. I have stated my honest opinion. Judge Gary makes the mistake of his life if he thinks that he can compete with his poor brothers without ruining his own company. The difference can not be more—and I put it at the extreme—I do not believe that he can have $2 a ton profit on the few miles of railroad transportation, and beyond that he has nothing.

Mr. FORDNEY. I accept your explanation of what you meant by the Scotch story.

Mr. DALZELL. In your description of Mr. Schwab you forgot the very sweet smile which he always has.

Mr. CARNEGIE. He learned that from me. [Laughter.]

Mr. FORDNEY. After hearing Mr. Schwab and Judge Gary, and after hearing the other men in the steel industry, and now hearing you, and believing that each and every witness, including yourself, testifying aims to tell the whole truth and nothing but the truth, if this committee should form an opinion different from the one they would form if they heard your testimony only, would you criticise it?

Mr. CARNEGIE. Not the slightest; but you must remember that if you form an opinion different from what I have given you, that Judge Gary and myself are together; that Judge Gary expresses an opinion, but

when he comes and you ask the question, "Can you do without a tariff," he tells you, "Yes," and the President-elect says that tariffs no doubt enable a combination to exact excessive profits, and therefore we should have as little only as needed. Therefore, as a good Republican, on the Republican platform, I hold it to be your duty to accept Judge Gary's statement.

Mr. FORDNEY. Do you think it only possible to form a combination on account of the tariff?

Mr. CARNEGIE. Why, certainly. On account of the tariff, yes; and raise the price of everything up to the point where the cost to the producer and the freights coming here, plus the tariff, $7, enables them to raise the price. I think the President-elect is entirely right about that.

Mr. HILL. Is there not a steel-rail combination existing to-day in Great Britain, the United States, and Germany, fixing the price, where there is no tariff? I have asked that question of every man who has been on the stand, and I would like to ask you.

Mr. CARNEGIE. I must say to you that I am not conversant with international arrangements. I heard it stated by a witness who was before you—Mr. Miles—but the proper party to ask that question of is the party that you think is in the combination. He could tell you.

Mr. HILL. I have asked that question, but get no satisfaction. I will repeat this question: The official report of our consul in Great Britain says that the three greatest trusts or combinations in the iron trade to-day are the United States Steel Corporation, the German Steel Syndicate, and the International Rail Syndicate, which has its headquarters in London, controlling an output of some 4,000,000 tons of rails annually in the United States, Germany, and the United Kingdom. That was in 1905, if I am not mistaken. Do you know anything about such a combination controlling 4,000,000 tons or any other amount of steel rails in the United States, Germany, and Great Britain and fixing the price?

Mr. CARNEGIE. Mr. Hill, that is a question that you should ask of parties interested in it, if there be such a combination.

Mr. HILL. I was not here when Mr. Gary testified. I have asked that question of everybody else, and my recollection is that they all stated that they did not know of such a combination as our consul reported. Now I am asking you if you know?

Mr. CARNEGIE. I do not know. I have heard it stated. You have the evidence of Mr. Miles that there is an international organization, but I think it highly probable——

Mr. HILL. But——

Mr. CARNEGIE (interrupting). Wait a moment. I do not think, Mr. Chairman, that that is a proper question to ask me, is it? I am not in it.

The CHAIRMAN. If you do not know, of course you can say so; but if you do know, you can give the information.

Mr. CARNEGIE. Well, I would not be telling the whole truth if I said I did not believe there was such a thing.

Mr. HILL. Whether it exists or whether it does not exist, if it exists would changing the tariff here have any effect on the price of steel rails to the consumer if that price was fixed in London?

Mr. CARNEGIE. If that price was fixed in London and it was made permanent and the companies were bound by enormous penalties if

they broke it, I would consider, as long as that existed, that it would of course prevent competition here.

Mr. HILL. I would like to supplement that question in regard to steel rails with the same question that I have asked of everybody except Mr. Gary, and I was not present when he was on the stand: Do you know of any combination that exists by which the price of tin plate is fixed internationally?

Mr. CARNEGIE. I do not.

Mr. HILL. Do you know of any combination by which the price of wire nails is fixed internationally?

Mr. CARNEGIE. I do not.

Mr. HILL. You do not answer with as much positiveness in regard to steel rails?

Mr. CARNEGIE. Because I have heard so much. I read Mr. Miles's testimony. Has Mr. Miles's statement been contradicted?

Mr. FORDNEY. He contradicted himself all the time.

Mr. DALZELL. It was not necessary to do that.

Mr. CARNEGIE. Please remember that I do not pose as an authority; that I speak absolutely without knowledge of any combination of that kind, and yet I would not tell you the whole truth if I did not say that I had heard it spoken of.

Mr. HILL. Then I will shape the question in this form: If the official statement of our consul is correct, and 4,000,000 tons of rails are controlled in the United States, Germany, and the United Kingdom by an international arrangement, would any change in the tariff affect the price here?

Mr. CARNEGIE. As long as they continued such an agreement as you specify, why, tariff or no tariff has no bearing upon it. But why do you ask me a question so obvious as that?

Mr. HILL. Because it does control, evidently, in Great Britain, where there is no tariff, just the same as it controls here, where there is a tariff of $7.80 a ton.

Mr. CARNEGIE. Great Britain is the great exporting country of steel. It does not consume the steel that it makes. It has relations all over the world.

Mr. HILL. Let me supplement that by this: You retired in 1901 from the steel business. The price of steel rails then was $28 a ton, as it is now. Was there any international agreement then, when you were in business?

Mr. CARNEGIE. Not that I remember of. Oh, I never heard of such a thing.

Mr. CALDERHEAD. If this tariff was removed, would it not be easier to form an international agreement or combination to maintain prices?

Mr. CARNEGIE. I do not think it affects the formation one iota. The American producer would get more favorable terms if he had a tariff than he would get if he had none; but the formation of a trust, Mr. Chairman, I do not know of anything that can prevent it if it be lawful.

Mr. FORDNEY. If I understood you correctly, you stated that you had head or heard of Mr. Miles's statement here, and you gave some credence to what he said?

Mr. CARNEGIE. I did. It is not likely that he would invent it.

Mr. FORDNEY. I am not criticising you for that.

Mr. CARNEGIE. I hope not.

Mr. FORDNEY. I do not believe that I ever heard a man deal more in theory and hearsay, lest it be one man, in my life.

Mr. COCKRAN. He stated some facts very clearly. He wanted his own article on the free list.

Mr. FORDNEY. You can question the witness as you choose, but I think I am right in my premises.

Mr. Carnegie, if we are entitled to give credence and to believe what we hear from people who appear before this committee, hearing so many men on this subject, we are entitled to give credence, then, to the statements made by Mr. Schwab and Mr. Gary, who are thoroughly posted in the business that they are engaged in, are they not? Let me supplement that a little further. When Mr. Hill asked you a question about a combination, you stated, "You must ask a man who is engaged in it. I do not know anything about it. I am not in it," and you suggested that he ask a man in the business to get reliable information. If that is true in the case Mr. Hill asked you about, is it not also true in getting information from Mr. Schwab and Mr. Gary and you?

Mr. CARNEGIE. No, sir; it is not true. You are incapable of drawing the right conclusion. [Laughter.]

Mr. FORDNEY. I may be far more incapable than I look. [Laughter.]

Mr. CARNEGIE. You can get honest men to take different views of questions. Now, one man will tell you that it will be very serious for the steel business if you reduce the tariff, and Judge Gary will tell you that it will not be. They deal so much with opinions that neither of them knows exactly what the future will be, and so with the cost; one concern will estimate cost in one way and some in another. The steel business is a business by itself, and the cost to one man means a very different thing from the cost to another.

Mr. FORDNEY. If we can not get reliable information as we are now aiming to get, how can we get it; can you tell us?

Mr. CARNEGIE. You ought to cease trying to get it. You have gone wrong in trying to get it. When a gentleman of Judge Gary's character comes to you and tells you that he does not need a tariff, you ought to believe him.

Mr. LONGWORTH. The Republican platform, which you have spoken of with admiration on this subject, says that we must revise the tariff on the basis of the difference between the cost abroad and the cost at home. If there is no way of ascertaining that cost approximately, is not that a rather bare statement in the platform?

Mr. CARNEGIE. Yes, sir; and it requires a man practiced in the art, interested in neither, to estimate the cost upon the same systems, and, as I have stated, from the best judgment I can form, if a commission were appointed and spent a month in the mill that now holds the record for the cheapest steel made in the world, and that is ours, the Carnegie Steel Company, and a month in the foremost works of England or Germany, you would find that the difference in cost, mind you, estimated in the same form, every company credited only with the outlay it required, including transportation of the ore, mines, and everything there is, and the same to the foreign manufacturer, you will find that the foreign manufacturer's cost of steel at his works exceeds slightly—I should say, will be the same. You can not do this, for during the month one mill might be running

finely, and at the other mill there may be some trouble, and vice versa. The foreign mill is equal to the best mill in this country, and that leaves a natural tariff between the two, the transportation here, and the many disadvantages under which a foreign manufacturer labors in selling a foreign product to a patriotic American. Therefore, I have stated to Mr. Cockran, perhaps to his great disappointment, that my judgment is that we could start with free trade to-morrow and it would not seriously affect the price, but it would give the combination here the power to raise the price to the consumer to the amount of the duty imposed.

Mr. BONYNGE. If we put steel products on the free list, the present price to the consumer would practically be maintained, in your judgment?

Mr. CARNEGIE. No; I think that the tendency of combination is to raise prices and to exact from the consumer what they safely can.

Mr. BONYNGE. But as to steel rails, I understood you to say, in answer to Mr. Cockran, that you believed the price of $28 would be maintained; if steel rails were put on the free list, that the price would be maintained.

Mr. CARNEGIE. Excuse me; I did not say that the price would be maintained, but I do say that the present arrangement is a fair one, in my judgment, between the consumer and the producer. Let me show you the difference. If there is no tariff, the combination comes together and fixes a price, and it will fix a price lower than if there is a tariff. I think you will agree with me that the tendency of human nature is to get a good profit.

Mr. BONYNGE. Certainly.

Mr. CARNEGIE. And that the tariff would enable them to raise the price to the extent of the duty.

Mr. BONYNGE. But you do not think that the price of steel rails has been raised above what it should be at the present time, $28 a ton?

Mr. CARNEGIE. Steel rails—I say, I think that the railways are not paying too much for steel rails, and I think that the steel-rail mills are making a fair profit.

Mr. BONYNGE. How about other steel products besides steel rails; what about the other present prices; are they above what they should be—structural steel and other steel—do you know?

Mr. CARNEGIE. I do not. I have not a word to say about the price of anything. That is not my province. I came to give you my views of what the effect would be of taking off the duty.

Mr. FORDNEY. When Judge Gary stated, as you put it—I will tell you my recollection of what he said when we get through—when Judge Gary said they could get along without protection on steel, we could believe him?

Mr. CARNEGIE. Yes, sir.

Mr. FORDNEY. Judge Gary in making up his figures of cost showed a profit on steel rails, Bessemer and open hearth rails, the difference in cost—that is to say, the difference in price—showed a profit to his company of $4.69 a ton. Would you have us believe him?

Mr. CARNEGIE. I would have asked him to explain that statement.

Mr. FORDNEY. He did, in the most detailed manner.

Mr. CARNEGIE. Very well.

Mr. FORDNEY. Do you regard one statement as inconsistent with the other?

Mr. CARNEGIE. I do. I thought he was interested, and I thought he gave, so to speak, an opinion.

Mr. FORDNEY. Then do you believe——

Mr. CARNEGIE (interrupting). I thought you said "consistent." You have a capacity for belief that I wish my friends had.

Mr. FORDNEY. You would have us believe what you say under oath?

Mr. CARNEGIE. Yes, sir.

Mr. FORDNEY. Judge Gary was under oath. I have no good reason to doubt the truthfulness or correctness of his statement, and I do not believe that he would testify falsely under oath. I want to believe every man under oath, at least until I find out to the contrary.

Mr. CARNEGIE. Judge Gary was honest, I say.

Mr. FORDNEY. I believe he was honest in both statements. Now, if he was correct in both statements, then what have you to say?

Mr. CARNEGIE. I simply say that I can not understand how with a profit of $4.29——

Mr. FORDNEY (interrupting). $4.69.

Mr. CARNEGIE. $4.69 on rails, how he could stand if the tariff was reduced $7.80.

Mr. FORDNEY. He did not say that he could do that. He said that his company could survive by reducing the cost of the product, and to do that, labor being the largest item that enters into the cost of the product, it would be compelled to reduce labor and the other costs all along the line. That is what Judge Gary said.

Mr. CARNEGIE. Yes, sir.

Mr. FORDNEY. And that is what Mr. Schwab said.

Mr. CARNEGIE. Now, that is a matter of judgment.

Mr. FORDNEY. He is in the business and knows what it costs to-day to produce it, and he stated that not for the past ten years had there been a single year that the cost of their labor did not increase each year over the last year, and that this increase in the cost of labor amounted to an increased cost of production from the time that the ore was taken from the ground until it was put into the finished product. and that that accounted for his difference in cost.

Mr. CARNEGIE. I think I heard this morning that Mr. Schwab had referred to a decrease in labor.

Mr. HILL. Yes; 35 cents a ton.

Mr. COCKRAN. The labor cost, not the rate of wages.

Mr. CARNEGIE. That could have nothing to do with it.

Mr. FORDNEY. Mr. Schwab did say that the amount paid for labor had increased each year, one over the other, for the past ten years.

Mr. COCKRAN. And yet that his total cost of labor had decreased.

Mr. FORDNEY. On account of efficiency.

Mr. HILL. In one item.

Mr. CARNEGIE. There is no reconciling the statements.

Mr. FORDNEY. Without any intention to embarrass or to criticise you, but to get an honest, candid opinion from one who is most deeply interested, one of the most important questions for this committee in rearranging this tariff law is to leave a sufficient revenue to this Government. To-day our revenues are not sufficient to meet the expenditures of the Government. If by a reduction of duty we reduce the revenues to the Government—and it will unless imports are increased, and that is very undesirable from a Republican point

of view—would you recommend an income tax to make up that deficit?

Mr. CARNEGIE. I believe, with Mr. Gladstone, who had more experience with income taxes than any man of his day, that an income tax makes a nation of liars. That is what he said, that of all the demoralizing taxes a nation can place upon the people the income tax is the most demoralizing.

Mr. FORDNEY. You and I, who are at the age when we look to something else besides to make the almighty dollar, would not lie?

Mr. CARNEGIE. It is not a question of lying.

The CHAIRMAN. You agree with Mr. Gladstone on that?

Mr. CARNEGIE. Yes, sir.

The CHAIRMAN. So do I.

Mr. COCKRAN. I agree with you, I believe.

Mr. DALZELL. You are getting on common ground.

Mr. CARNEGIE. I would like to interrupt there. When President Roosevelt wrote his article in favor of progressive taxation you may remember that I sent him my Gospel of Wealth, written seventeen years before. His reply was: "I am struck with the fact that seventeen years ago you had it all." Now, I believe the distribution of wealth is unfair. I believe that we should legislate to make a fairer distribution, and I stated in that article that I was in favor of progressive taxation at the death of a man. I would not disturb the honey bee making honey during its life. I do not think that anybody else could make fortunes so well as the man engaged in that business, but wealth is largely the product of the community. I instanced five brothers in that article. One starts at Pittsburg and one in New York, but otherwise they got farms of equal value. One happened to be in the center of business and the other several miles away. One became a millionaire. He did nothing to produce that wealth. It was the community settling there that made that wealth. I shall be glad to send each member of the committee a copy of that article. [Laughter.] You need not read it, but just have your secretary thank me. [Laughter.]

Mr. FORDNEY. I thank you for that.

What was the duty on steel rails when you began the production of steel rails in the United States, do you remember?

Mr. CARNEGIE. I can not tell you that from memory. I never paid much attention to the duty on steel rails. Why, that is not very much of an advantage to the manufacturer when there is competition; but if you permit combination, remember, gentlemen, that is the great question before this country to-day, that is the most serious.

Mr. FORDNEY. But there was no way by law to prevent you from selling your plant to the combination, was there?

Mr. CARNEGIE. None at all.

Mr. FORDNEY. There is no fault to find with any man selling his plant to a combination or corporation engaged in the same business that produces more?

Mr. CARNEGIE. Certainly not. What did I ever say that would make you infer that?

Mr. FORDNEY. You sold your property to a combination?

Mr. CARNEGIE. Certainly.

Mr. FORDNEY. You helped to make that combination? I do not criticise you for it.

Mr. CARNEGIE. Excuse me, there was no combination made when I sold.

Mr. FORDNEY. The United States Steel Corporation is a very great concern and it is a combination of many?

Mr. CARNEGIE. I sold to J. P. Morgan & Co.

Mr. FORDNEY. I am not criticising that.

Mr. CARNEGIE. I am quite willing to be criticised for that, but that is not the point. If any branch of manufacture is in the hands of a monopoly, it stands to reason that they will get more profit than if there is healthy competition.

Mr. FORDNEY. Mr. Carnegie, from information given here by the men engaed in the production of steel, it is evident to me—I do not know about the other members of the committee—that the only way that the present manufacturers of all kinds of steel can meet the foreign competition is to reduce the price of cost, and in doing that labor must certainly stand a very great share in that reduction. That, I believe, would be disastrous to the American people or undesirable, and therefore I do not believe that we can remove all the duties on those articles and do justice to American labor. What do you think about that? That is my opinion.

Mr. CARNEGIE. I say that you are entitled to hold it. [Laughter.] This is a free country, and I think for a man with the knowledge you have of the manufacturing business that opinion does not do you great discredit. [Laughter.]

Mr. FORDNEY. In my line of production I think I know just as much about my business as you know about the production of steel.

Mr. CARNEGIE. Undoubtedly; yes, sir.

Mr. FORDNEY (continuing). Which you have been engaged in your whole life. Therefore as to the amount of knowledge I have, are you competent to judge what I know about the production in which I am engaged?

Mr. CARNEGIE. I thought it was steel.

Mr. FORDNEY. No; you were criticising me as a manufacturer.

Mr. CARNEGIE. I thought you were asking me about steel.

Mr. FORDNEY. I was; but you did not answer me in reference to steel alone.

Mr. CARNEGIE. I meant steel.

Mr. FORDNEY. That is different.

Mr. CARNEGIE. I bow to you as an authority on manufacture in any branch in which you are engaged, I am sure. I have not attempted to give my views about any manufacture but that of steel, and I do this at the summons of this committee, which I consider my duty as a citizen. I do not volunteer it.

Mr. FORDNEY. Your answer as you gave it caused laughter. It sought to discredit me as to having any reliable knowledge as to my own business.

Mr. CARNEGIE. My dear sir, nothing could be further from my thought.

Mr. FORDNEY. I do not discredit you. I admire you for the fortune you have made by your brains and your efforts in this country. Your efforts have caused a reduction in the price of steel rails in my time from $100 down to the present price of $28, and when Mr. Gary and the statistics show that American steel to-day is selling cheaper at the mills than English steel is being sold at its place of

production, there is no danger of competition between English and American rails in the United States.

Mr. CARNEGIE. Then, what is the necessity for a tariff? There is none.

Mr. FORDNEY. Where do you get your cost of production? You have not given any.

Mr. CARNEGIE. You have information enough. You should cease your labors. You should accept Judge Gary's statement and the statement you have given—I do not know who gave it—but, assuming that the statement is true, then, of course, there can be no competition. That is what I have been trying to tell you gentlemen. When Mr. Cockran asked me if I thought the abolition of the tariff duty would lessen the cost of steel, I said my opinion—remember, my opinion—was, judging from all I know, that it would not.

Mr. FORDNEY. If that statement is true, that the price of steel rails is higher to-day in England than the price of steel rails at the American steel mills, the tariff has absolutely nothing to do with fixing the price in this country, has it?

Mr. CARNEGIE. That is what I am trying to tell you gentlemen, that the tariff has little bearing.

Mr. FORDNEY. It does not in any way enable the manufacturer in this country to put the price up and get more than he otherwise could?

Mr. CARNEGIE. There you are wrong. Assuming that they are selling at $22 in Great Britain——

Mr. FORDNEY (interrupting). They are selling higher there than here.

Mr. CARNEGIE. That is true. If they are selling higher there than they are here, and you add the cost to the foreign producer of bringing his rails here and selling them here in the interior, as he would, most of them, then the parties here can raise the price still higher than $28 a ton, can they not?

Mr. FORDNEY. They can, but they are not. That is the point, they are not.

Mr. CARNEGIE. But, my dear friend, if you are legislating for a country you are not going to legislate to leave a party the power at any moment to raise it, are you?

Mr. FORDNEY. That is not the question.

Mr. CARNEGIE. But that is the question I would like to ask you.

Mr. FORDNEY. I am not the witness.

Mr. CARNEGIE. Oh; I wish I were the cross-examiner.

Mr. FORDNEY. I will go on the witneses stand as to the business in which I am engaged and let you or any other man cross-examine me. The point is this: You have stated that the duty on an article helps to form a combine and put up the price?

Mr. CARNEGIE. I said that it gave the combiners the power to do so.

Mr. FORDNEY. They are not exercising that power in the steel business?

Mr. CARNEGIE. In the steel-rail business—I told you that that had been taken out of competition and stands in a class by itself—by an arrangement with all the consumers of steel rails—the railways and themselves—and it is mutually satisfactory. Now, I would be a very impracticable man if I did not realize that that was a just and a fair and a salutary arrangement; but, as the President-elect tells you, a

tariff places in the combination the power to raise the rates higher than they could raise them if there were no tariff. Then I consider it would be your duty to guard against that power.

Mr. FORDNEY. If the tariff would permit the manufacturer in this country to raise the price on an article above what it is selling for in competition with the same article made abroad, is it not a good law if it protects labor and furnishes it a greater income for the labor given?

Mr. CARNEGIE. I do not think I quite understood that question.

Mr. FORDNEY. I will repeat it: If the tariff will permit the manufacturer to put an advanced price on his manufactured product——

Mr. CARNEGIE (interrupting). Here at home?

Mr. FORDNEY. Yes, sir; here at home; so as to compete with the foreign imported article, and by so doing benefits the labor that produces it, is not that a good law?

Mr. CARNEGIE. No; decidedly no. Allow me to explain that. The only justification for a government raising the price to the consumer of any article, because that is what a tariff does—if a tariff did not raise the price it would be of no use—that is only justifiable when you can induce a body of capitalists to risk capital in the experiment of introducing the new industry into the country, which is in its nature temporary. If the experiment be successful, as it has been in steel, it, in my opinion, vindicates the protective policy which we have pursued; but permanent protection, I think, is an injustice to the consumer, and if, after forty years of trial, the American steel industry, contrary to Judge Gary's opinion, does not need a tariff, then I think we should lessen it. The President-elect tells us that a tariff without doubt—he says that there is no doubt but that the tariff puts into the hands of a combination the power to raise the price higher than if that tariff against foreign competition did not exist. In my opinion—and here I think I differ from you—I agree with the President-elect.

Mr. FORDNEY. Then you believe that protection should be granted to every industry that needs it in order to compete with foreign competition?

Mr. CARNEGIE. I do not.

Mr. FORDNEY. You had it when you first went into the business, and you could not have engaged in the production of steel rails without protection?

Mr. CARNEGIE. It is true, and I did not start to make steel rails until I saw that both parties in this country—that is to say, a large proportion of the Democrats—supported that policy. I would never have gone into the manufacture if the tariff was to be the football of the parties, but when I saw that the American people were resolved to make their own steel—the war had demonstrated the necessity for that; we sent an agent abroad to buy all the steel he could find in Great Britain when the war broke out. The man was Philip S. Justice. There were the Baldwin Locomotive Works and others, and we needed all the steel we could get because we were not making steel, and the nation resolved that thereafter it would not be without that invaluable article. Why, so hazardous was the entrance into steel in those days that not one of my partners in iron would touch it, and I went in alone, and I went to the dry-goods merchants and bankers and got the money.

All my life I have been a protectionist, as the President-elect says he is, but after we do not need protection in an industry what gross injustice is put upon the consumer. If taken off to-morrow, the steel business would not be seriously affected, to my mind; it is the combination which permits it to be completed.

Now, I am not appearing here against this movement; it is one to which I keep an open mind. It seems inevitable that we are to give a trial to abolish competition and to depend upon governments to fix the prices, because that is inevitable—the most momentous departure that the world has ever seen. I am a protectionist if I can introduce a new industry into this country. Mark this: I prefer to maintain a cheaper supply than we could get, a more regular supply than we could get from abroad, and if, after forty years' experience, we can not develop steel to that condition—fortunately, you have the highest testimony in the world that it is in that position—but if we had failed our protective policy in that instance would be a great failure instead of a triumphant success, which it has become, and the vindication of the protective policy is in the fact that we can agree with Judge Gary and say, "Take back your protection, you paternal government that first nursed this industry. We are now men and we can beat the world in the manufacture of steel, and we shall make half of all the world's product in three years from now." What is the use of continuing that protection when the leading man in the steel business, representing 45 per cent of the total production of steel—and 45 per cent is greater than any other nation in the world makes, even greater than Germany—and therefore I say that its total abolition will leave the steel business of America in a better position for the country's sake than if you coddle it by protection and insist that they "let well enough alone." You want a vigorous, progressive steel industry.

Mr. FORDNEY. You had protection when you went into the business and had it all your life?

Mr. CARNEGIE. I never appeared before a committee without urging a reduction in the tariff on iron and steel. When the McKinley bill was under consideration I labored long with President McKinley. He was a protectionist after my own heart. The McKinley bill reduced the duty on iron and steel 35 per cent, partly upon my advice, and I am consistent in believing that now the removal of the present duties would not affect injuriously any person engaged in the manufacture of steel.

Mr. FORDNEY. Yet, when you engaged in the business you did not engage until you became satisfied that both the Republican and Democratic parties were for protection?

Mr. CARNEGIE. That is the reason I am a protectionist for any new industry that needs it. Show me anything that needs protection to introduce it into this country and I will go the farthest in claiming it; but in the leading industry of steel I think it no longer needs it.

Mr. LONGWORTH. Whether it needs it or not, it is the difference in cost abroad and home?

Mr. CARNEGIE. Yes, sir.

Mr. LONGWORTH. And your proposition now, reduced to its last analysis, so to speak, is the difference between the cost of producing steel abroad and at home?

Mr. CARNEGIE. I believe to-day, as I have stated before, that the cost at the mill which has the record of the lowest cost, compared with the best mills abroad, in England and Germany, I believe that there would not be much difference in the cost. That the difference of transportation for 3,000 miles on the sea and the difference in inland transportation here renders any serious competition with the steel industry of this country, in my opinion, impossible.

The CHAIRMAN. We will take a recess until 2 o'clock.

Mr. CARNEGIE. Am I through?

The CHAIRMAN. No, sir.

Mr. CARNEGIE. Oh.

(Thereupon the committee took a recess until 2 o'clock p. m.)

AFTER RECESS.

The committee reconvened at 2 o'clock p. m.

TESTIMONY OF ANDREW CARNEGIE—Continued.

The CHAIRMAN. Mr. Carnegie, I have before me the report of the United States Steel Corporation to which you alluded, dated March 17, 1908, which, I suppose, is the last report. I find that the net earnings for the year 1907 were $133,244,929. The rolled and other finished products for sale were 10,376,000 tons, which would make an average of about $13 a ton, and I find that the 10,376,000 tons were divided up as follows: In the first place, of steel rails there were 1,733,814 tons, or about 17 per cent; blooms, billets, slabs, sheet and tin-plate bars, 758,699; plates, 877,682; heavy structural shapes, 587,954; merchant steel, skelp, hoops, bands, and cotton ties, 1,316,387; tubing and pipe, 1,174,629; rods, 126,095; wire and products of wire, 1,481,226; sheets, black, galvanized, and tin plate, 1,070,752; finished structural work, 719,887; angle and splice bars and joints, 195,157; spikes, bolts, nuts, and rivets, 67,991; axles, 189,000; sundry iron and steel products, 77,463. Those products that were rolled, according to this report, were of a higher grade of manufacture than steel rails, except steel rails and billets.

Mr. CARNEGIE. Mr. Chairman, I have spent some time explaining to you that steel rails are an entirely different article from any other.

The CHAIRMAN. I suppose they are. The principal question I want to ask in regard to that, Mr. Carnegie, without taking too much time, is this, that all of those articles, other than steel rails, bring a higher price than steel rails, do they not, per ton?

Mr. CARNEGIE. I think, generally speaking, they do. My judgment is that they probably would bring a higher price than steel rails.

The CHAIRMAN. Of course tin plate would, a much higher price?

Mr. CARNEGIE. Certainly.

The CHAIRMAN. Several times as high; about how much a ton?

Mr. CARNEGIE. I could not tell you about tin plate.

The CHAIRMAN. And billets, nuts, and so forth, would bring a high price per ton compared to steel rails?

Mr. CARNEGIE. Certainly.

The CHAIRMAN. And the same way with wire?

Mr. CARNEGIE. Yes; with wire.

The CHAIRMAN. And wire products?

Mr. CARNEGIE. Yes, sir.

The CHAIRMAN. And so on all through; structural steel brings a pretty high price per ton, does it not, in comparison?

Mr. CARNEGIE. Certainly.

The CHAIRMAN. So that it would not be fair to average the profits on all those articles by the ton, would it?

Mr. CARNEGIE. Surely not.

The CHAIRMAN. The same percentage of profits on each of the others would make a much higher profit per ton than on steel rails?

Mr. CARNEGIE. Certainly.

The CHAIRMAN. That was the question I wanted to ask. I am much obliged to you for calling the attention of the committee to this report.

Mr. CARNEGIE. What report is that, what year?

The CHAIRMAN. This is for 1907. The report is dated March 17, 1908, but it is for the calendar year 1907.

Mr. CARNEGIE. That is probably the report to which I referred, and the difference between the three and the five might lead it to be quoted elsewhere at one fifty-eight. I have made a memorandum from the statement that I have seen, one fifty-eight, but that makes very little difference—yes, it makes considerable difference.

Mr. COCKRAN. It makes a difference of twenty-five millions?

Mr. CARNEGIE. Yes.

Mr. COCKRAN. The difference between one hundred and thirty-three million and one hundred and fifty-eight. You said, Mr. Chairman, that the report shows there were one hundred and thirty-three million; Mr. Carnegie states one hundred and fifty-eight million.

Mr. DALZELL. A difference of $2 a ton?

Mr. CARNEGIE. Yes. I assure you that the figures I have sometimes seen printed were one fifty-eight, and I am delighted that that error is pointed out.

The CHAIRMAN. I did not call your attention to it to point out any error.

Mr. CARNEGIE. It would have been your duty to do that, I should think.

The CHAIRMAN. Not at all; I did not call attention even to that.

Mr. CARNEGIE. I made it in good faith, but I wonder if it is the report before that; I took it from another document, 158.

The CHAIRMAN. That may be, and still, Mr. Carnegie, there was a higher amount of manufacture for the year 1907 in all the articles produced in the United States than in any other year?

Mr. CARNEGIE. Yes.

The CHAIRMAN. According to all our reports; also a greater importation?

Mr. CARNEGIE. I am inclined to think that that is the report from which this statement I made was taken; I haven't a memorandum.

The CHAIRMAN. You only spoke of it from recollection.

Mr. CARNEGIE. Of course.

The CHAIRMAN. It is not material if you did make a mistake.

Mr. CARNEGIE. No; but I have a good head for figures, and I remember them; and I am pretty sure it was printed 158.

The CHAIRMAN. And the profits that year were generally higher in all the lines than in any year previous, were they not?

Mr. CARNEGIE. I think the product was greater; it was a busy year.

The CHAIRMAN. Yes, and the profits were higher?

Mr. CARNEGIE. Well, I have not seen the other reports.

The CHAIRMAN. That would be in accordance with the general experience, that the profits were higher during that year than any year previous?

Mr. CARNEGIE. I do not know about the profits per ton being higher, but I think more tons were made in that year. My impression is that prices were not advanced; that is my impression, but it would affect the gross amount.

The CHAIRMAN. That could be easily determined, of course, by looking at the reports. Mr. Gary testified that in Germany, as to German rails, the domestic price is $29.02, and the export price $22.20; in Great Britain the domestic price is $27.98, and the export price $23.61; in France the domestic price is $33.33, and the export price $25.69; in Belgium the domestic price is $27.45, and the export price $22.50; or, in other words, that the export price in each of those countries is but a trifle, if any, higher than what he testified was the cost price at the mill in the United States. Now, if that is correct, would it not look a little as though he had some grounds for fear if we had free trade in steel rails?

Mr. CARNEGIE. Well, Mr. Chairman, he has told you that he has not.

The CHAIRMAN. No, he did not tell us that; you are mistaken about that. He said that his company could go on and do business, but they would have to cut down wages.

Mr. COCKRAN. I do not think he said that, Mr. Chairman.

Mr. CRUMPACKER. I do not recollect that he said they would have to cut down wages.

Mr. CALDERHEAD. That is his statement.

The CHAIRMAN. That is what I understood.

Mr. CALDERHEAD. I read that yesterday.

The CHAIRMAN. Mr. Calderhead says he read it in his statement yesterday.

Mr. COCKRAN. Could you give us the page?

Mr. CALDERHEAD. I did not bring it with me because I did not think it would be questioned.

The CHAIRMAN. That was my recollection of it, so that it is not quite fair to say that he said they did not need the duty, or anything of that kind. Now, if he does need the duty, in order to keep up the present wages, to meet competition from abroad; if he is right about that and also right about the proposition that the other companies, his competitors, have a cost of $2 more per ton than his, and over, it would look a little as though they needed some protection, would it not?

Mr. CARNEGIE. I do not think that they do, because if ever Judge Gary, with his capital, undertakes to fight his competitors, of whom he has only $2 a ton advantage, as I said before, I would consider my bonds not a good security. Two dollars a ton profit on the earnings of the United States Steel Company would not do.

The CHAIRMAN. Are your bonds a lien on this ore property of theirs?

Mr. CARNEGIE. Everything they purchase.

The CHAIRMAN. I do not wonder that even if their business were wiped out but what your bonds would be amply good.

Mr. CARNEGIE. But I might have to go, in case of default, and prove them to be good, and that would be very objectionable.

The CHAIRMAN. I do not know; you could put Schwab in charge, and I think you would get out of it.

Mr. CARNEGIE. The trouble is, when I put Schwab in charge, that I would like to be pretty close to him all the time. [Laughter.]

The CHAIRMAN. If the ores of the world are to play out as soon as some people imagine, the ore bed, even without any mill or any prospects of running one for a long time, would be pretty good security for an ordinary business man for even the amount of your bonds which you hold.

Mr. CARNEGIE. I do not like things that are only a pretty good security. [Laughter.]

The CHAIRMAN. Evidently you do not; I agree with you on that, if you think that these ore beds would not be security enough for your bonds.

Mr. CARNEGIE. Now, Judge Gary there again uses his judgment. that it would be necessary to do so and so. I can not say anything about that except that my judgment is that it would not be necessary to do any such thing.

The CHAIRMAN. I started in at that point to ask Mr. Gary what it cost to produce steel rails abroad, or suggested to a member of the committee who was interrogating him at that time to ask him, but I do not find that that was done, so that we are without his estimate of the cost of steel except in one instance. He said that the cost of pig iron in the Lorraine district in Germany was $7.50 a ton and the cost of converting it, I think, about $7 a ton—$6 or $7—so that they could produce steel rails there at $14 or $15, somewhere near that rate, in that district. He said that was lower than the price generally in Germany. He also stated that as a factor in the competition between Germany and this country the German Government, owning the railroads, in order to give a bounty to the steel business or to any other export business, for that matter, were accustomed to make a rebate in the freights, and while they carry goods to the seashore for export to cut the freights.

Mr. CARNEGIE. Mr. Chairman, if the German maker can make a ton of steel rails at $15 and can send them here at a cost of $6, why does he not send them here and get $28?

The CHAIRMAN. That would be $21 and $7.80, which would make it $28.80. Simply because he could not get his money back.

Mr. CARNEGIE. That is the answer.

The CHAIRMAN. In that case, if he was exporting them at $22 a ton and can find a market at that rate for the surplus which he wishes to dump on the markets of the world, that would be another good answer why he should not send them here, if that is the export price of Germany, $22 a ton. I am not saying this to indicate how I would stand on this question; I am only trying to get at the facts.

Mr. CARNEGIE. Yes; but you are pursuing the wrong policy.

The CHAIRMAN. What is that?

Mr. CARNEGIE. You are on the wrong track altogether. [Laughter.]

The CHAIRMAN. I may be. My only endeavor is to find out the

truth, to get it from you. I hope you will not discourage me in saying that I am on the wrong track in that.

Mr. CARNEGIE. Listen to me a minute. Does any foreign country send rails here?

The CHAIRMAN. Not to any extent, I think.

Mr. CARNEGIE. No.

The CHAIRMAN. There is a small importation, I think, every year, a very small importation; nothing to count at all. It is prohibitive now, so to speak.

Mr. CARNEGIE. Very well.

The CHAIRMAN. That satisfies you on that, does it not?

Mr. CARNEGIE. Certainly.

The CHAIRMAN. But we have a pretty big duty now.

Mr. CARNEGIE. You have $7 a ton.

The CHAIRMAN. Seven dollars and eighty-four cents.

Mr. CARNEGIE. That is a gross ton.

The CHAIRMAN. Yes.

Mr. CARNEGIE. Seven dollars a ton is the duty. We go by net tons. I do not care how you fix it.

The CHAIRMAN. I suppose they bring in a gross ton here when they bring them in. But there is no dispute about the duty; that undoubtedly is a strong factor that keeps them down. Our people, when they sell abroad, sometimes run up against about the same duty, and sometimes they pay a duty to get their steel rails into that country, but the bulk of it goes where there is open competition with Great Britain and Germany. That is the fact.

Mr. CARNEGIE. The very year you speak of there we shipped abroad 345,000 tons to different countries, and we met German competition and English competition.

The CHAIRMAN. But the German competition got away with more of the market than our people did.

Mr. CARNEGIE. Because our people had a good home market. We consumed 22,500,000 tons of steel in our country, leaving about 500,000 tons to be exported.

The CHAIRMAN. And if Mr. Felton is right, they had to sell it at less than the cost in order to get it there.

Mr. CARNEGIE. Yes.

The CHAIRMAN. Mr. Felton is a high-toned man, is he not?

Mr. CARNEGIE. I think he must be very high toned; yes. [Laughter.]

The CHAIRMAN. You are speaking of it in a joking way.

Mr. COCKRAN. He is emphasizing the adjective.

The CHAIRMAN. Mr. Felton made a very good appearance before the committee. I never had the honor of his acquaintance before that.

Mr. CARNEGIE. Mr. Chairman, if the Pennsylvania Steel Company——

The CHAIRMAN. He is the president of the Pennsylvania Steel Company?

Mr. CARNEGIE. Yes. That was in business before the Carnegie Steel Company.

The CHAIRMAN. What is that?

Mr. CARNEGIE. It was in business making steel before the Carnegie Steel Company started. It shows the grossest mismanagement.

The CHAIRMAN. I understand his concern is a very old concern. I do not know how long they made steel.

Mr. DALZELL. He says it was in business before his concern.

The CHAIRMAN. You say it was? I thought you asked me if it was.

Mr. CARNEGIE. I will try to be plain. The Pennsylvania Steel Company was in business before the Carnegie Steel Company was built, and if at this day it can not make steel as cheap as its competitors, whose fault is it?

The CHAIRMAN. Well, at first blush, I should say it was the fault of the management of the company. I might not be right about that; that would be a surface view. If I examined into it more, I might find out that there were some other difficulties, like location. It seems to me they have to carry their iron and coal, and I do not know but their limestone, quite a distance to get it to their works.

Mr. CARNEGIE. Assuming that they made a wrong location, do you think that the Government of the United States is compelled to take hold of every corporation that has made a mistake?

The CHAIRMAN. I made a proposition similar to that the other night about tannin extracts, and I did not know but I should be mobbed by the gentlemen who were presenting the question—whether they had not a bad location.

Mr. CARNEGIE. I have asked you a question. [Laughter.]

The CHAIRMAN. I have answered that question as freely as I know how.

Mr. CARNEGIE. I refer it to the court if he answered my question. Shall I repeat it? [Laughter.]

The CHAIRMAN. Now, Mr. Schwab says that the freight rates in 1899 were about one-third of what they are to-day, and he referred to Mr. Carnegie's article on rebates for proof.

Mr. CARNEGIE. I am delighted he referred to so high an authority. [Laughter.] I do not remember; I do not understand what bearing this has.

The CHAIRMAN. But if the article bears him out, of course there could not be any doubt about the truthfulness of the statement?

Mr. CARNEGIE. What is the statement? I do not grasp your meaning.

The CHAIRMAN. I say, if the article bears out his statement, there would not be any chance for dispute as to its truth.

Mr. CARNEGIE. Well, sir, Mr. Schwab may have quoted a sentence or a paragraph, omitting facts and what it was dealing with, and he would give you a very false impression.

The CHAIRMAN. Certainly. I said if the article bore him out. I did not say if a sentence in it could be twisted.

Mr. CARNEGIE. That is such a large subject, I would like to read the article and see really what bearing it has. If I wrote it, I am disposed to believe it was a very sound article. [Laughter.]

The CHAIRMAN. Mr. Schwab said that Mr. Gary's company was taking out about one-fourth of the ore on the property that they bought from Mr. Hill.

Mr. CARNEGIE. I think you must have misunderstood him there. From my knowledge, what I hear, they have not shipped one load of ore.

The CHAIRMAN. He understood it the other way; he did not claim to have personal knowledge of it.

Mr. CARNEGIE. I think if you want to test Mr. Schwab's statement and mine, it would be very well to get somebody to ascertain what is correct about it.

The CHAIRMAN. He was stating what he believed and you are stating what you believe, and one statement seems to offset the other. I think it is up to the committee to get a little more evidence on the subject to find out about it.

Mr. CARNEGIE. Yes, sir.

The CHAIRMAN. I agree with you on that. I did not know but you would confirm what he said. He said that the cost of coal land was $600 per acre in 1899 and $3,000 per acre now.

Mr. CARNEGIE. Yes, sir. Now, let me answer that. That is coke land. There are 9,000 tons of coke in an acre, and that means that it has increased to 30 cents. What did he say it was, $600 then and now it is $3,000?

The CHAIRMAN. Yes.

Mr. CARNEGIE. That is five times the amount.

The CHAIRMAN. He said that that was in the Connellsville district.

Mr. CARNEGIE. Yes, sir; five times the amount. Five times the amount of $600 is $3,000. That means that the coke in the hill is now worth only 30 cents a ton, and then, in the olden times, when we bought coke property, it was 15 cents a ton. I think I am right—no, $600 for 9,000 tons.

The CHAIRMAN. He said that the coke costs $1.50 a ton.

Mr. CARNEGIE. I do not know what coke is costing to-day.

The CHAIRMAN. And that the freight rate to Pittsburg is 85 cents. He qualified that and said he might be 10 cents out of the way on that, 75 or 85 cents a ton.

Mr. CARNEGIE. Then, if he is 10 cents out of the way, the coke rate used to be 65 cents a ton, and it has been raised 10 cents a ton, and coke has been raised 30 cents a ton, that is 40 cents, and so, on the amount needed to make a ton of pig iron, you see, gentlemen, what figures you get. You take the conclusion that because the coal in the hill costs five times more; coke costs five times more.

The CHAIRMAN. Mr. Schwab ought to know what coke costs.

Mr. CARNEGIE. No, Mr. Chairman. You gentlemen, if you consider that you can possibly understand these figures, it is your fault as much as Schwab's. You read into his statement there of cost five times the ton of coke and begin to figure. What he told you was five times the cost in the hill, and that made a difference of 30 cents a ton.

The CHAIRMAN. Well, he said $1.50 a ton. I do not know how we could construe that into anything else.

Mr. CARNEGIE. That is when the coke is manufactured?

The CHAIRMAN. Certainly.

Mr. CARNEGIE. That is a very different thing.

The CHAIRMAN. Cost of coke, $1.50; not for coal in the mine; I said for the coke.

Mr. CARNEGIE. Mr. Chairman, if a ton of coke costs only $1.50 to-day, and that is five times more than it did cost, then coke only cost 30 cents a ton. It is ridiculous.

The CHAIRMAN. I did not say anything about that.

Mr. FORDNEY. He did not say that.

Mr. CARNEGIE. That is what the chairman read here.

The CHAIRMAN. He said coal lands, $3,000 an acre. I did not imagine you would carry that to the coke. Mr. Schwab said coke cost $1.50 a ton.

Mr. CARNEGIE. Then, there is not much expense there.

The CHAIRMAN. Then, you do not see anything on the face of that that would show it was not true?

Mr. CARNEGIE. No; although I have heard of coke lands selling at $2,000 an acre.

The CHAIRMAN. Coal land in the Connellsville district, $2,000 an acre.

Mr. CARNEGIE. Gentlemen, if you were in the business, experts talking——

The CHAIRMAN. Even I would know enough to know that you did not mean $3,000 an acre for coke.

Mr. RANDELL. He means coke coal.

Mr. CARNEGIE. Mr. Schwab is talking as a Pittsburg manufacturer. Coal is one thing; coke is another.

The CHAIRMAN. So I am aware.

Mr. CARNEGIE. And the coal lands, increasing to $3,000 an acre from $600, would make a rise in the price of coke to 30 cents a ton.

Mr. DALZELL. I think the misunderstanding is here, Mr. Carnegie. Mr. Schwab gave us the cost of coke at the time that he made his original estimate of $12 steel. Then he gave us the cost of coke at the present time; and then, to explain the reason why the cost of coke had risen in the meantime, he said that lands have gone up from $600 to $3,000 an acre, but he is $1,000 out, because I know coal lands in the Connellsville district are selling now at $4,000 an acre.

Mr. CARNEGIE. Then that would raise the price of coke to 30 cents.

Mr. DALZELL. He did not base the exact figure of rise on the different prices.

The CHAIRMAN. He did not say it would cost five times as much: he said it was one element in the rise of coke.

Mr. CARNEGIE. Gentlemen, when you analyze that and get its true basis it would account for an increase of 30 cents per ton in coke. Now, let me show you. What has that to do with a concern that has thousands of acres of coke that it bought at $200 and $300 an acre?

The CHAIRMAN. It has this to do; we are trying to arrive at the cost in American factories of steel rails. That is one of the elements that goes into it; and trying to show why those rails—he was, not we; we are simply taking the facts—trying to show why those rails cost $22 now against $12, as he stated, in 1899.

Mr. CARNEGIE. Yes, Mr. Chairman; but suppose that the United States Steel Company has 40,000 acres of coke land?

The CHAIRMAN. We are talking about the Bethlehem Company; is that part of the United States Steel?

Mr. CARNEGIE. Certainly.

Mr. DALZELL. Not a part of the United States Steel Company?

The CHAIRMAN. That is not a part of the United States Steel Company, is it?

Mr. CARNEGIE. Oh, no.

The CHAIRMAN. It is an independent company, as I understand it

Mr. CARNEGIE. Yes.

The CHAIRMAN. We are talking about Mr. Schwab's production; we have left Mr. Gary.

Mr. CARNEGIE. Very well. Mr. Schwab's coke costs him more than it did if he purchases his coke from a producer.

The CHAIRMAN. He does not own coal lands?

Mr. CARNEGIE. The Bethlehem does not.

The CHAIRMAN. So they have to buy their coal?

Mr. CARNEGIE. Certainly.

The CHAIRMAN. Then he ought to know what it costs him, ought he not?

Mr. CARNEGIE. What he buys it at; yes, sir.

The CHAIRMAN. We will go a step further. He says that in 1899 a ton of coke would make a ton of pig iron, but since the iron in the ore has gone down from 58 per cent to 49 per cent on account of the other foreign material in the ore, it requires a ton and a quarter of coke to produce a ton of ore instead of a ton of coke. Do you know anything about that?

Mr. CARNEGIE. I should think that is quite understandable, but did Mr. Schwab tell you that in utilizing the gases of his furnaces, which he did not do before, he makes a great saving?

Mr. CALDERHEAD. I do not think he did.

Mr. CARNEGIE. You know, gentlemen, the steel business has not stood still. Great improvements, cheapening the process, have resulted. Another instance occurs to me. The United States Steel Company is now utilizing the slag from making a ton of pig iron that we used to throw over the bank, and it cost us money to haul it away; but now that is a very valuable business, very profitable.

The CHAIRMAN. How much slag is produced in making a ton of pig iron?

Mr. CARNEGIE. I could not tell you that.

The CHAIRMAN. Can you give us any account of the value?

Mr. CARNEGIE. Of the slag? It was an expense. We threw it over the bank before.

The CHAIRMAN. You say now it is valuable?

Mr. CARNEGIE. Yes; it is.

The CHAIRMAN. But you can not say how valuable it is?

Mr. CARNEGIE. I would be afraid to tell you what I heard the president of the subsidiary company estimate it at.

The CHAIRMAN. I wish you would tell me. I will go after the president and find out, not whether he told you, but the statement of fact on his part.

Mr. CARNEGIE. I think he is too sanguine, and that it could not possibly be as valuable as he said. Cement is coming in as a substitute for steel and it is a remarkable advance.

The CHAIRMAN. Give us the name and address of that gentleman, and we will send for him.

Mr. CARNEGIE. I can not give you either the name or the address.

The CHAIRMAN. We will get it, then. Limestone is used. He says it costs 30 cents a ton to mine limestone and $1.20 to take it to Pittsburg, $1.50, and he uses about one-half a ton in making pig, 75 cents. He says that more lime is now used than in the year 1899, because ores are leaner now. There is more waste material to flux away. What is your judgment about that?

Mr. CARNEGIE. That may be true. I think it is, slightly. Did he tell you how much more?

The CHAIRMAN. No; he did not put it in here. He had formerly told us, but I can not turn back this moment to that. He formerly put in what they allowed for the lime in 1899, but I haven't it here now in conjunction with this. I can not tell you offhand without stopping to look it up, but he said now it costs 75 cents to make a ton of pig iron, and then he said that the labor conversion cost was $1.25 to $1.30 a ton.

Mr. CARNEGIE. I thought you said conversion was $7.50 a ton?

The CHAIRMAN. No; Mr. Schwab makes a very interesting statement about the labor.

Mr. DALZELL. Speaking of labor only.

The CHAIRMAN. Well, in effect, he says that he never knew labor so cheap as it was in 1899, the year in which he wrote that letter; that the common laborer earned from a dollar to a dollar and fifty cents a day; that the laborer was very efficient, men were begging for jobs. He said that his own salary was lower that year than it had been in the years before, and that one man working in the big iron foundry would do as much that year in a day as two men to-day at a higher price per day for the labor. That is what he said about the labor. And he made out a large increase—$1.30 a ton—for labor. Do you remember about labor in 1899?

Mr. CARNEGIE. No; I have no recollection of the details. How could I?

The CHAIRMAN. Mr. Schwab seemed to have a very definite recollection on that subject.

Mr. CARNEGIE. He did not have a recollection; he went back and got his data somewhere.

The CHAIRMAN. What was that?

Mr. CARNEGIE. He did not recollect all these things. Perhaps he did, but more likely he went back to the books and figures.

The CHAIRMAN. The fact that his salary was so low that year might have impressed it on his mind.

Mr. CARNEGIE. I do not remember of ever reducing the salaries, but it is possible. I can not remember of a case, but I do know there are many departments in which fewer men are needed than we needed, and it tends to make the labor cost of steel less than it was with us.

The CHAIRMAN. Putting all those items together he made the cost of producing pig iron $14, including the materials, at present, against $7 and $8 in 1899. Then he said that the cost of converting into a ton of steel rails the necessary quantity of pig iron cost $7.50, and that it cost his company $21.50 to make a ton of steel rails.

Mr. CARNEGIE. Yes, sir.

The CHAIRMAN. That was his statement as to the items, and what I was struck with about it was this, that it came pretty near bearing out the statement that these seven companies had made to the Bureau of Corporations, that they made the average price during the five years from 1902 to 1906, both inclusive, twenty-two dollars and about thirty cents a ton, or 80 cents more than Mr. Schwab. Schwab has a good mill, I suppose; he has an up-to-date plant, has he not?

Mr. CARNEGIE. He is the man whom the Congress of the United States should thank, as I told you this morning, for the improved appliances that he has introduced.

The CHAIRMAN. Do you know whether he has an up-to-date plant?

Mr. CARNEGIE. Yes.

The CHAIRMAN. You brought him up, did you not, in the business.

Mr. CARNEGIE. I did.

The CHAIRMAN. There is no excuse for his not having an up-to-date plant?

Mr. CARNEGIE. There is this excuse for him, that I have not been with him for seven years. [Laughter.]

The CHAIRMAN. And still you would advise him if an opportunity offered?

Mr. CARNEGIE. Mr. Chairman and gentlemen, you have got into a maze of figures, and you will never arrive at results in that way. You have got a statement from Mr. Gary that he could do without a tariff. Now, you are in the position of the Irishman who was arrested for stealing a pig, and he was sentenced on the testimony of one man. He told the judge, when he was asked why sentence should not be passed, that he thought it was an injustice to a citizen to convict him on the testimony of one man, who said he saw him steal the pig, when he could bring one hundred men to prove that they had never seen any such thing. [Laughter.]

The CHAIRMAN. That is all very well, but if we sought to make that an excuse, the judges might ask us, Mr. Carnegie, they being the dear people, if we did not have not only the testimony of Mr. Gary, but the testimony of Mr. Schwab, and that after that we had the benefit of the article of Mr. Andrew Carnegie in the magazine, in which he stated with a good deal of emphasis that the duty might all be taken off; although, when we called him before us and asked him to give us the facts and figures, he answered us with a story about an Irishman; or, in other words, indicating that he was one of the men who did not know.

Mr. CARNEGIE. No, Mr. Chairman; I am sorry that you say you did not hear me this morning. I stated that Judge Gary said that the tariff was not important for him long before I made that statement, and that others made the same statement, and that his solicitude for the weaker brethren was sublime, but it was quite unnecessary; that these weaker brethren will not find their business injured by the tariff being taken off. You can not arrive at a correct judgment until you know what the prices of production are abroad, as far as the tariff is concerned, because you have combinations among these people at home, and they are working together. Now, the statement of the consul there was very important on the cost abroad, but if you are not willing to act on the fact that we have no foreign importations of steel to-day and that we are sending steel all over the world, then until you know what the absolute costs are in Europe you can not judge whether the cost and interest and the cost of transportation and a reasonable profit for the producer, comparing the same items here with the home producer, as the President-elect requires, I say, you can not judge whether or no they can do without a tariff.

The CHAIRMAN. We expect to get the cost abroad furnished by Judge Gary, but we were led to expect from your article that, in order to make up your mind that these things should be put upon the free list, you had that information, both as to the cost abroad and the cost here, because we believed, as you say you believe now,

that the only fair thing to do was to find out the difference in cost between two things; the fact that there is no importation would go to show that the duty was higher, but just how much too high it is impossible to say, unless you can get the cost abroad and here. We expect to get the figures from Judge Gary, whom you certify as a very honorable witness, if he is a lawyer, although he may be somewhat interested. We thought we might get it from a disinterested party in you.

Mr. CARNEGIE. I have a general knowledge of costs abroad.

The CHAIRMAN. Why do you not give them to us?

Mr. CARNEGIE. Because it would not be fair.

The CHAIRMAN. It seems to be fair enough for you to publish a magazine article and base it on them, but not fair enough to tell us.

Mr. CARNEGIE. That statement in my magazine has not been refuted.

Mr. DALZELL. What statement is that?

Mr. CARNEGIE. That the cost of a ton of steel in Britain to-day or in Germany to-day is as dear, or a shade dearer, than the cost is here, taking the cost under similar conditions. That is the statement that I made. I did not make that without general knowledge of the business, and if it is proved untrue, then my reputation for knowledge of the business would be seriously imperiled.

Mr. DALZELL. You see, Mr. Carnegie, that general statement would cover every article of iron and steel without regard. You make the general statement that the cost there is about the cost here, and that covers everything.

Mr. CARNEGIE. Yes, sir.

Mr. DALZELL. Now, for instance, here is what Mr. Gary says with respect to one particular article. You continue to be misled by your newspaper reports of what Judge Gary said here. He never said what you attribute to him. Let me read you just a paragraph:

> Mr. GARY. May I interrupt you one moment, because a thought is in my mind, and I desire to give one fact in regard to a commodity, which is important and in line with this other inquiry. It relates to tin plate and sheets. At the present time they are produced in Wales and London at about $5.32, which is less than the cost to us, and that represents the difference in wages paid to the men, the labor element being large as to those commodities. So that if we should make our costs as low as their costs we could only do it by cutting the wages of our men about these mills in half—that is, making them one-half as large as they are at the present time. I think I am perfectly accurate in those figures.

Mr. CARNEGIE. He has not given you figures?

Mr. DALZELL. Yes, he has given the cost abroad, and we also have the cost of making tin plate at home, and you see that does not bear out the position that you assign to Judge Gary.

Mr. CARNEGIE. No: my friend, when you talk about steel, you do not talk about tin plate.

Mr. DALZELL. Ninety-nine per cent of tin plates are steel; they are steel sheets.

Mr. CARNEGIE. That is quite true, but no man—no steel man—but would differentiate between steel and tin plate.

Mr. DALZELL. Well, they are steel sheets first before they are tin plates.

Mr. CARNEGIE. They are; they are composed of tin. If the harvester man talks of harvesters those are composed of steel, too. But I wish

you to know that the expert, the steel man, talks in the language which it is impossible for you to understand.

Mr. Dalzell. I have heard a good deal of it all my life.

Mr. Carnegie. Well, John [laughter], you are a better lawyer; you, I think, were always considered by us even a more experienced lawyer than you were a steel manufacturer. [Laughter.]

Mr. Dalzell. I should be sorry if I was not.

Mr. Carnegie. Let me put myself right there, because I am determined that you shall have from me no half truths. There are statements that can be made that do not cover the whole circle of truth, and a witness is not always compelled—he may not think of the other things, and he answers you one question. Now, in regard to tin plate, tin plate has been made for one hundred years in Wales, and girls have been trained to it, and it is the one article where, I think, the British people in Wales could make a ton of tin plate, probably, a shade cheaper than we make here. But if you add the cost of bringing tin plate here, I doubt whether they could import it here to any great extent.

Mr. Hill. If it was free?

Mr. Carnegie. Yes, sir. That is my honest opinion about it; so you see, gentlemen, it will not do for you people to assume that tin plate was included in the statement of steel. I do not want to hurt any American manufacturer. I do not want to injure the steel trade of this country. As long as I thought we needed a tariff I supported it, but now I have arrived at the conclusion that we do not, as Judge Gary said. That was about tin plate and labor. There again, you see, Judge Gary is probably right about tin plate, but it did not embrace steel.

Mr. Longworth. I was asking you just before adjournment on this general question of costs. You said that you thought the cost was perhaps a little greater in Great Britain in manufacturing steel generally, than it is here?

Mr. Carnegie. Yes, sir.

Mr. Longworth. You suggested earlier in your testimony the practical difficulty that confronts this committee of finding out facts, none of us being practical men, but, at the same time, having within our jurisdiction, so to speak, almost every authority except that of practical experience. Now, I think our desire is just as yours is, an absolutely patriotic desire to revise this tariff in steel, as in all other schedules, for the best interests of the community at large.

Mr. Carnegie. Yes, sir.

Mr. Longworth. You would not advocate the taking off of the duty on any American article without justification for it. I, personally, admitting that I know very little about the costs of steel, am inclined to think that we can substantially reduce the tariff on steel without injury to the American industry, and yet before I vote for it, if I should vote for it, I want to feel that I am justified in so doing. I do not know of any other way that I can personally feel justified, unless I know or have some opportunity of finding out something about the difference between the cost abroad and the cost at home. Is there any way that you can suggest to me—as a member of this committee, with practically every facility, the right to summon all witnesses, the facilities that this Government has, without the practical

experience, and without the means of getting it, because we must act as promptly as possible—of finding out those things?

Mr. CARNEGIE. In reply, Mr. Longworth, I know of only one way that this committee can arrive at anything approaching the real truth of the difference in cost, and that is to have men belonging to the steel industry, men familiar with it, who are not interested in either the foreign or the American works, experts of the highest character and ability, to be charged with visiting the works of Europe, selecting in each country the best works, because you will be greatly misled if you select works that are not properly managed. You can easily obtain the list of the best works, and these men should go there and study the question. They will be received by the foreign manufacturer with open arms, because they will see in this a probability of the tariff being reduced.

Mr. LONGWORTH. Mr. Carnegie, the trouble is that it is a condition and not a theory that confronts this committee now. The Republican members of this committee are bound, as you have stated, by the Republican platform, which states that the tariff shall be revised as soon as possible. The President-elect, it is understood, proposes to call an extra session of this Congress to do that, and this committee wants to prepare a bill which can be submitted as soon as possible after the inauguration of the President-elect. It is utterly impossible for us to send experts abroad. What authority have we so far which would justify us in wiping off entirely the duty on steel, except your personal opinion—that of a man of great experience—and that of Judge Gary, who I do not think went as far as you do in that respect? Have we any other authority, in other words, Mr. Carnegie, which would justify us in removing absolutely the tariff on steel, except those two statements?

Mr. CARNEGIE. I do not know what other statements you have had here, Mr. Longworth.

Mr. LONGWORTH. They have not been to that effect, Mr. Carnegie.

Mr. CARNEGIE. Very well; then you have two; and I think, again, that if you can not convict the tariff duty on the evidence of two such credible witnesses, because there are hundreds that have not told you so, that is a matter for the judgment of the committee.

Mr. LONGWORTH. I give the greatest weight, Mr. Carnegie, to the statements of those witnesses. At the same time other witnesses have, I think, made quite contrary statements. Suppose that it is true that the tariff is too high; that other countries are not exporting here—admitting that to be the fact, does that jusify us in immediately wiping it out altogether?

Mr. CARNEGIE. No. Other parties are not exporting here because they have an an international arrangement. That is what your consul told you. Why, Mr. Longworth, you know—you are a very clever man and a very nice fellow——

Mr. LONGWORTH. Thank you. [Laughter.]

Mr. CARNEGIE. But you are grappling with problems which really you can not be expected to understand.

Mr. LONGWORTH. Most assuredly, Mr. Carnegie; I realize that; and when I have a source of information such as you are, I desire to find out all I can.

Mr. CARNEGIE. Well, Mr. Longworth, I want to ask you a question.

Mr. LONGWORTH. I will not promise to answer it if it is a technical one, Mr. Carnegie.

Mr. CARNEGIE. You are an intelligent man.

Mr. COCKRAN. He admits that.

Mr. LONGWORTH. Yes; I admit that. [Laughter.]

Mr. CARNEGIE. Have you talked tariff with anybody connected with steel?

Mr. LONGWORTH. Only with those gentlemen who have appeared before use.

Mr. CARNEGIE. You have never heard anything outside from gentlemen talking about the tariff?

Mr. LONGWORTH. Oh, frequently in conversation; but I have never had any steel business.

Mr. CARNEGIE. Did you ever hear any of them say that the tariff was a "back number," so far as steel was concerned?

Mr. LONGWORTH. Only two men.

Mr. CARNEGIE. Here are two witnesses; that makes four.

Mr. LONGWORTH. But they are the same two, Mr. Carnegie. [Laughter.]

Mr. COCKRAN. The two men are equal to four, Mr. Carnegie. [Laughter.]

Mr. CARNEGIE. Well, I am willing to stand with Judge Gary. I have no hesitation in expressing my opinion, to tell you the whole truth. I have dear friends in Britain. I was the only American, or the only foreign citizen, that ever was made president of the Iron and Steel Institute. I have lived with these men; and I profited by their mistakes. I saw where the Bessemer process was a success, and then went into it; and I am deeply indebted to the British manufacturers. In return, when they came to our works, I showed them everything. My old friends (one or two of them dead now), the most eminent men in the business, took them all through our works and showed them everything—all of our new improvements. We never shut our works to anybody. And I have gone, in turn, through all their works and heard all their costs. I have followed the English manufacture with deep interest, and I have studied it; and, without presumption, I would say that there is no American that has had the opportunities that I have had to judge.

Mr. LONGWORTH. Quite so; and do not understand me, Mr. Carnegie, as saying anything in criticism of the authority. In fact, I feel now that I am leaning your way. And yet I am simply asking the question whether, under the circumstances, I have any other authority and justification for voting to wipe out absolutely the tariff on steel, except your statement (which I regard as the highest authority, perhaps, that I could find), and Judge Gary's statement (which I do not think, after listening to the testimony, goes as far by any means as yours does).

Mr. CARNEGIE. That is good.

Mr. LONGWORTH. Is there any other justification that I have at this moment for voting to take off entirely the tariff on iron and steel?

Mr. CARNEGIE. Well, Mr. Longworth, that is a matter for you and your own conscience to settle. You ask me how you could arrive at the difference in cost. There are great evidences. They do not import steel here. That, however, you might well say, was because they had an arrangement to that effect. But knowing the difficulties of British manufacturers, and the trouble about ores, and the cost of coke and coal, I have not the slightest doubt that you will find that the cost of a ton of steel there does not exceed ours, to say the least; that leaves the American manufacturer with the advantage of the cost of bringing the foreign product here, which, upon the average, to the point of delivery, I should place at not less than the present tariff duty. Further than that I can not go.

Mr. HILL. Mr. Carnegie, I was very much interested in the remark you made a moment ago to the effect that they were not allowed to ship here. May I ask what the explanation of that is?

Mr. CARNEGIE. I assume that it was by the arrangement that you spoke of this morning.

Mr. HILL. Then there is an international agreement?

Mr. CARNEGIE. Why, was not that what your man said?

Mr. HILL. That is what the consul said. I wanted to know whether he was right or not.

Mr. CARNEGIE. Well, gentlemen, I rest that on the word of the American consul. Have I a right to do so, or am I justified in doing so, or not?

Mr. HILL. I should like to ask another question.

Mr. GAINES. That is the very question—whether the American consul is correct or not.

Mr. CARNEGIE. But how can I tell you whether the American consul is right or not?

Mr. GAINES. The question was whether you knew the fact yourself about which he made the statement.

Mr. CARNEGIE. I do not know the fact, except as a matter——

Mr. GAINES. It is not as to his accuracy, but as to your knowledge of the same matter.

Mr. CARNEGIE. There is a half-truth again. It has been reported. It is "in the air." I have heard of it. But how do I know? I have seen no documents.

Mr. HILL. Did you know it enough to justify your statement a moment ago that the reason there was not more competition from abroad was that they were not allowed to ship here?

Mr. CARNEGIE. I based that on your——

Mr. HILL. You based it on what I read, and not on what you knew?

Mr. CARNEGIE. Yes; but——

Mr. HILL. All right.

Mr. CARNEGIE. But that is all that I had heard. Now, please—Mr. Longworth, particularly——

Mr. LONGWORTH. Yes, sir.

Mr. CARNEGIE. All that I had heard about it—I can not close my ears. I know so many steel men. I can not meet an old friend without the remark being made: "How is the business?" and all that sort of thing. To the best of my belief—I can not say knowledge—it seems that the statement of our accredited official would not have been made unless he had knowledge on the subject; and it accounts

for there being no importations here. But there is another reason, independent of that: The cost to the British manufacturer is so great that in my opinion he would not send rails here even if the duty were taken off.

Mr. HILL. Mr. Carnegie, let me ask you this question: Have you ever heard of an agreement made by the United States Steel Company with the tin-plate manufacturers of Wales that the exports of manufactured tin plate from the United States should not exceed a certain quantity, based on a counter agreement on their part that they would not take a certain amount of black plates from the United States?

Mr. CARNEGIE. Well, Mr. Hill, I have heard all kinds of reports.

Mr. HILL. You have heard that report?

Mr. CARNEGIE. I think I have.

Mr. HILL. Yes.

Mr. CARNEGIE. I would not be so positive. It seems to me as if it is no matter of news to me; but I am——

Mr. HILL. Now, I am reading from the New York Tribune in July. You were in Scotland, were you not, at that time?

Mr. CARNEGIE. Yes, sir.

Mr. HILL. "An agreement was reached in December last year among the tube makers of the United States, Germany, Great Britain, and other countries for a working arrangement, the purpose of which was to put an end to the serious losses resulting from international competition." Do you know anything about that agreement?

Mr. CARNEGIE. I do not. I take the Tribune.

Mr. HILL. I think this is the Tribune I am quoting from.

Mr. CARNEGIE. But I never saw that statement; and that statement is news to me.

Mr. HILL. Then this statement:

LONDON, *July 1.*

According to the Iron and Steel Trades Journal, the English and Scotch steel manufacturers have decided not to join the proposed international combination, and to ally themselves with the national amalgamation that is being formed to fight the international trust. This amalgamation, the paper says, will soon be established. It will consist of the principal American, German, Russian, and French steel companies, and fierce competition, both here and elsewhere, with a slump in prices, may be expected.

Do you know anything about the facts in regard to that?

Mr. CARNEGIE. Not the slightest.

Mr. HILL. It occurred while you were abroad.

Mr. CARNEGIE. I never heard of it before.

Mr. HILL. A combination to fight the "international trust?"

Mr. CARNEGIE. I never heard of it.

Mr. HILL. You made one other statement this morning, to the effect that you thought that the present price of steel rails at $28 was justified by the agreement between the railroad companies and the steel manufacturers.

Mr. CARNEGIE. Yes, sir.

Mr. HILL. And one of the other witnesses before us last week made a similar statement—that it was a mutual agreement, the price of $28 being based on an agreed price of freight rates on the materials used by the steel manufacturers; so that, the steel manufacturers and the railroads being satisfied, where did the general consuming public

come in in that higher price of steel, these rates being charged on all steel that is made as well as rails?

Mr. COCKRAN. It is not satisfied.

Mr. HILL. The rates of freight are not only charged on the materials going into the steel rails, but they go on all materials used in all steel production, do they not?

Mr. CARNEGIE. I do not know that the railroads raised these rates.

Mr. HILL. Well, you built the road from the lake to Pittsburg, did you not? Do you remember what the rate was that you charged up your steel production cost for transportation on that road from the lake to Pittsburg? It was a very small rate, was it not?

Mr. CARNEGIE. I could not give you that from memory.

Mr. HILL. Was it not along about 23 cents a ton?

Mr. CARNEGIE. Oh, no; no.

Mr. HILL. From the lake to Pittsburg?

Mr. CARNEGIE. That was the cost of moving it.

Mr. HILL. Yes.

Mr. CARNEGIE. It cost us 22 cents a ton to bring loaded cars—no; it cost us 12 cents a ton to move cars down from the lake to Pittsburg, and 11 cents to take the empty cars back. I remember those figures.

Mr. HILL. Yes.

Mr. CARNEGIE. But that did not include cost——

Mr. HILL. Mr. Schwab testified the other day that in making up his charge for the cost of steel he figured a dollar a ton for bringing the ore from the lake down to Pittsburg. That is a very, very heavy increase over what you charged up in the cost and what he figured in the cost.

Mr. CARNEGIE. Well, gentlemen, I can not tell you what Mr. Schwab did. If we charged it at only 23 cents, we were very foolish, because there are the repairs of a railroad and the maintenance, and there is interest on the capital.

Mr. HILL. Briefly, do you think the general consuming public, in the consumption of steel outside of steel rails should be obliged to stand and make good such an agreement between the railroad companies and the steel companies?

Mr. CARNEGIE. I have no opinion to express upon that. That is a matter between the railroads and the public. It does not touch the question of the comparative price of steel.

Mr. HILL. If the price of steel is to be reduced, it is not to be reduced by revising the tariff, Mr. Carnegie, according to the testimony that is before us. The increase which Mr. Schwab has shown in the cost of steel is in all of these increases of freight rates all the way through. If those are controlled by a combination of the steel manufacturers and a combination of the railroads, acting in harmony, how is the tariff going to affect it?

Mr. CARNEGIE. My dear friend, if we are going into authorizing combinations, the result is this: We shall have a supreme court of industry, and that court will have to fix the prices of everything if the consumer is to be protected.

Mr. HILL. But, Mr. Carnegie, if this committee is to fix the tariff, is it not its duty to find out whether the increased cost is the result of the tariff or the result of something else? I am asking you that question.

Mr. CARNEGIE. That is your duty; but I am unable to give you any opinion about the railroads.

Mr. HILL. But you say that the rate of $28 is a justifiable price, and that it is caused by the agreement between the railroads and the steel manufacturers, both as to freights and the price of steel.

Mr. CARNEGIE. No; excuse me. I have never mentioned freights.

Mr. HILL. If you did not, some of the other witnesses have.

Mr. CARNEGIE. Ah! Well, gentlemen, I have enough sins of my own to answer for. [Laughter.] I do not propose to speak here upon any subject but that question I am called to speak upon, and that is the main question, at last: Has protection done its office? Has it enabled the manufacturers of steel of America (not the inefficient, but the efficient, well-managed manufacturing concerns of America) to do without further support, protection, which should never be given except temporarily: to determine the question whether we can, in our country, produce a home supply of the article temporarily protected, better, more conveniently, more steadily than it was before coming from abroad? If the manufacturers of America, after forty years' nursing, can not to-day do without the crutch of protection, then our policy has been a failure.

Mr. GAINES. Did I not understand Mr. Carnegie to say that there was an agreement between the railroads and the steel concerns as to the prices that were to be paid for freight on the products of the steel concerns?

Mr. CARNEGIE. I did not know that feature, if there were; I never heard it before. I do not know the details of the agreement. I do not know the details of the agreement.

Mr. GAINES. That was my question. I thought that you had said so.

Mr. CARNEGIE. And I never heard that there was an agreement except as to the price of rails.

Mr. GAINES. Then I was mistaken in the fact.

Mr. CALDERHEAD. Aside from that, the issue between Mr. Carnegie and us, it seems to me, is whether we are pursuing the right method to ascertain a reason for reducing the tariff or not; or, if the tariff is taken off of steel, do you think the prices of steel to the people will be less than they are now?

Mr. CARNEGIE. The immediate advantage, in my opinion, which the people of America will have will be that you will have taken from the combination the power to raise their prices above the cost at which the foreigner could enter, and the cost will necessarily be lower to the foreigner if you take the tariff off his products.

Mr. CALDERHEAD. Just a moment. What combination do you refer to?

Mr. CARNEGIE. I refer to the combination of which Judge Gary is the head; for they all meet together. There is no secret about that now; you have read his speeches.

Mr. CALDERHEAD. But if it costs as much in England and in Germany and in France to make the steel as it does in the United States, and the tariff should be taken off in our country, what possible benefit can it be to our people? What combination could be made amongst our own manufacturers?

Mr. CARNEGIE. I have stated the benefit that it would be.

[...]EAD. It would be that there could not be a combina-[...]n prices above the price that the foreign man was [...]ll at?

[...]ARNEGIE. That is it.

[...] CALDERHEAD. That is all?

Mr. CARNEGIE. That is a great deal—that is a great deal. Now, just one moment.

Mr. CALDERHEAD. Just a moment there: Will there be any probability of a combination with the foreign manufacturers?

Mr. CARNEGIE. I think if combinations are allowed there will be a very great probability.

Mr. CALDERHEAD. A great probability?

Mr. CARNEGIE. Yes, sir.

Mr. CALDERHEAD. You said a while ago, I think, that if it was lawful at all there certainly would be?

Mr. CARNEGIE. I would not say certainly; I judge upon human nature.

Mr. CALDERHEAD. Yes.

Mr. CARNEGIE. I think it is a dangerous——

Mr. CALDERHEAD. If the tariff is taken off, will the profits of making steel in this country be less than they are now?

Mr. CARNEGIE. In my opinion—I have repeated this several times to-day—nothing that the foreign manufacturer can do toward obtaining business here will affect injuriously any steel manufacturer in this country who deserves to succeed in his business and has the necessary facilities.

Mr. CALDERHEAD. I understand that, and the reason is that the cost of making steel in foreign countries is about the same as it is here now?

Mr. CARNEGIE. I think it is. Well, yes; you can say it so if you like. It is not—my best judgment is that——

Mr. CALDERHEAD. That it is substantially the same?

Mr. CARNEGIE. Well, yes; I think we made it a shade cheaper at the works that made the cheapest steel. I believe so.

Mr. CALDERHEAD. It is generally admitted that the wages of laborers in the steel mills, in all branches of labor that contribute to the making of steel, producing ore, making pig iron, etc., are much lower in England and Germany than in the United States. If it costs as much to produce steel in England and Germany as it does in the United States, and the wages of labor are so much less, what effect will it have on the wages of labor in this country if steel is to be sold at the same price there and here?

Mr. CARNEGIE. If the steel of Britain is as dear to make in Britain as it is here, it does not follow that their labor cost is not as great as ours; because they use many more men than we do, having smaller markets and not having the continuous rolling of steel that we have. The costs being the same, there is a natural tariff which even Congress can not surmount. The foreign manufacturer has to pay the freights of bringing his steel here.

Mr. CALDERHEAD. Yes; I am familiar with that, and I have heard it a number of times to-day. But it is evident, if the wages are so much less in those countries than they are in this country, that the cost of steel must be in something else. You say, then, that it is in the increased price of ore, or the approaching scarcity or value of it?

Mr. CARNEGIE. Well, no. There is a very large element in this: That with our machinery, and making such enormous outputs, you must not take the cost of labor which they give you here. The cost of labor per man is much higher here; but if it requires two Englishmen, with their appliances and mills, and so forth (in which it would be folly for them to imitate us), to produce the amount of steel that one man can produce here, then there would not be the labor-cost difference which you assume. You must not take it per man.

You must give credit to the United States Steel Company and the works at Gary. This is what I hear from men who are chiefly interested in the problem of steel; and they are rejoicing. There is a new mill building at Gary. Remember, I was just told this, and I have heard them talk about it.

There is a new mill building at Gary that is much to the credit of the United States Steel Company. I am told that it will make 40,000 tons of rails a month, and that there will only be four men at the rolls; and if they ran them three turns, eight hours apiece, there would be only twelve men employed. Gentlemen, there is no such mill that could be built in any other part of the world, judiciously; because they have not the great market that we have for rails, that allows the mill to go for weeks and weeks on one form of rails without changing rolls. The Englishman is glad if he gets an order for 500 tons of rails of the same pattern. He has to make them, and then he has to change the rolls; and that is a day lost for his mill. Then he has to put in another, and the size is different of the rail that has to be rolled next week. His men have to have time to get accustomed to the lighter or the heavier sections; and it takes a day or two for them to get into it. In the case of this rail mill at Gary, the labor cost there will not be half what it is in England, notwithstanding the cheaper cost of labor per man.

There is another case where the cost of labor——

Mr. CALDERHEAD. Just a moment, before you go to another case. If the tariff is taken off, will the English mill not have just as large a market as we have, and just the same price, barring the natural tariff of the ocean and the railway mileage?

Mr. CARNEGIE. Mr. Calderhead, just one moment. Consider this subject: Do you think that an American would buy a ton of foreign rails if he could get the rails of his own countrymen?

Mr. BONYNGE. Suppose he could get them cheaper abroad?

Mr. CALDERHEAD. Simply from self-interest, I should think he would buy where he could buy the cheapest.

Mr. CARNEGIE. But wait a moment. No, no; other elements come in there. The railroads get the traffic of our manufacturers. They are deeply concerned in keeping them at work, and while they pay $28 a ton for rails, they may have $5 a ton profit on these very rails through the transportation of materials.

Mr. BONYNGE. Mr. Carnegie, that would not apply to structural steel that might be landed on the Atlantic coast.

Mr. CARNEGIE. Thank you for mentioning structural steel. I would have forgotten that illustration. I wish the chairman could hear me. I will try to make him. Do you all hear me?

Several MEMBERS. Oh, yes.

Mr. CARNEGIE. Because I want every man to hear what I am about to say. [Addressing Mr. Calderhead.] You——

Mr. CALDERHEAD. Yes, sir.

Mr. CARNEGIE. I do like to meet with a gentleman that makes such a statement as you have made, or asks such a question as you have asked. Imagine yourself about to build a skyscraper, a big building. That requires structural steel, and it goes principally into that class of construction, bridges, etc. You have got $2,000,000 to invest in a skyscraper that you are going to build in Washington. Your architect comes to you with pages showing every bar, every beam, every angle of steel that goes into that structure; and it is formidable. He says to you—well, no architect would say this to you, because maybe they have had experience. But a seller of steel comes to you and says: "Don't buy this American steel that Schwab is making. I will give it to you at $2 a ton cheaper, or $3 a ton cheaper, or $5 a ton cheaper."

If you have never built a building before, you might accept that offer. What would be the result? Your order takes ten days to reach the maker, 3,000 miles away. He promises to deliver it to you in six months or three months, or whatever it is. He is a little late in deliveries. He ships the second story before he ships the first. You lose a few bars in transportation. You go on with your building, and he delays you. You go on with your building, and two or three bars are lost in transportation; there are so many transfers. I am speaking now practically. You can not get on without those two or three bars, and your building can not be put up. Then there is a blunder made; the man has shipped some steel that belongs to another thing altogether, from the wrong pile.

If you take the American steel, your rolling mill is right here; it is run by your neighbor, probably, a gentleman that you know well. You tell him: "Why, there is a mistake here," and it is remedied in a moment, in a day. He has plenty of structural steel on hand, and he remedies the defect. You get along faster than you thought you would. You want the third story before the architect figured that it would be needed. "Certainly;" the changes are made, and he gives you that.

If ever you tried to send an order 3,000 miles away to build a bridge or a structure, you may do it once when you begin, but you will never do it again. It is impracticable. There are so many contingencies in the one case which you avoid in the other. I do not care if structural steel for a great building were offered in New York or in Pittsburg or in Chicago or anywhere else at $5 a ton less. From my experience I would not consider having my steel made 3,000 miles away.

The CHAIRMAN. Do not people make such blunders as that when they ship bridges all over the earth?

Mr. CARNEGIE. Yes, sir; they do make such blunders as that; but it is a different thing to prepare a finished bridge that has to be put together. If you were shipping a bridge to India, remember, you would not run the risk. In some cases they are so careful that they put the bridge together before it leaves the works; and that is good policy. And so with a steel building. You think a steel building is a very simple thing. It is not.

Mr. BONYNGE. Mr. Carnegie, we are sending structural steel over the world, are we not?

Mr. CARNEGIE. Yes, sir.

Mr. BONYNGE. Notwithstanding these disadvantages that you say would prevent the foreign manufacturer from sending structural steel here?

Mr. CARNEGIE. No; excuse me. I do not think we are selling much structural steel abroad.

Mr. BONYNGE. For bridges and matters of that kind, are we not?

Mr. CARNEGIE. Simply because it is impossbile for the man to whom you sell a bridge to get it any nearer than this country, and of course he has to do the best he can. But I am putting the case where he can order our steel at hand, and get the manufacturer to prevent delays and mistakes. As I have told you, engineers require the bridge to be put together when time is an element, or when they want a "dead sure" thing. That gives the home manufacturer of structural steel practical control of his market, even if the foreign steel were to be delivered to him or promised to be delivered to him at a great many dollars less per ton.

I thank you for mentioning structural steel. There is another illustration. If that had not been struck, you people would have taken the books as to the cost of structural steel in America, and you would have based action upon them.

Mr. COCKRAN. Can we not induce you to stay with us a little longer, Mr. Carnegie, so that, as various difficulties arise, we could refer to this practical experience which has shed such a flood of light on this transaction?

Mr. CARNEGIE. Well, gentlemen, I am at your service, if you will give me a telegraph blank. I have an engagement in New York.

Mr. COCKRAN. Are you through, Mr. Calderhead?

Mr. CARNEGIE. I will stay here. It is my duty to stay here for a week. It is my duty as a citizen of America.

Mr. CALDERHEAD. Just one question and I will be through.

Mr. CARNEGIE. I should like to ask you whether that explanation of mine impresses you? [Laughter.]

Mr. CALDERHEAD. Yes; I am very well satisfied with it. You ascribe the question to me, however; it was Mr. Bonynge's question.

Mr. CARNEGIE. No; it was Mr. Longworth that asked that.

Mr. CALDERHEAD. Mr. Bonynge.

Mr. CARNEGIE. Oh, I beg your pardon.

Mr. BONYNGE. Yes; it impresses me, Mr. Carnegie, but it does not altogether satisfy me.

Mr. CARNEGIE. I am sorry.

Mr. BONYNGE. Because I think we are sending structural steel abroad and meeting those difficulties.

Mr. CARNEGIE. Why, certainly.

Mr. BONYNGE. These difficulties will to a certain extent prohibit our people from sending abroad even to get a reduced price; but if the reduction was sufficient I do not think it would absolutely prevent them from sending abroad for their structural steel.

Mr. CARNEGIE. Well, that is a very great "if"—a very great "if."

Mr. BONYNGE. Of course the "ifs" are in the whole transaction, because we have not revised the tariff yet.

Mr. CARNEGIE. I thought you asked the question. Allow me to make one remark. The more experience you got in trying to build your structure out of steel made 3,000 miles away the bigger the "if" would be. You would never do it twice—at least, that is my experience.

Mr. CALDERHEAD. There is just one other question I wanted to ask.

The CHAIRMAN. Let him write his dispatch.

Mr. CALDERHEAD. Yes; I will wait until you write your dispatch.

Mr. CARNEGIE. No; I will not telegraph until later, because I can do it as well then.

Mr. CALDERHEAD. The question that I intended to ask you next was, If we have free trade and free competition with the other countries of the world in steel, will we have an international scale of wages for workingmen?

Mr. CARNEGIE. That seems to me about equivalent to asking, "If the sky would fall, would we catch larks?" How can I tell what we would have?

Mr. CALDERHEAD. But that is a serious question with this tariff.

Mr. CARNEGIE. There is nobody that could tell you what would happen. Let me again impress you with the fact that under the law of combination resulting in a monopoly in business, anything may happen.

Mr. CALDERHEAD. Then, Mr. Carnegie, since you first began the manufacture of steel rails, when the price of steel rails in England delivered here was about $140 a ton in gold, and the tariff insignificant in comparison with that, what benefit was the tariff to you?

Mr. CARNEGIE. I do not quite catch that.

Mr. CALDERHEAD. When you began the manufacture of steel rails, if my recollection is right, steel rails from England were sold in America at $140 a ton in gold, or $100.

Mr. CARNEGIE. Oh, my recollection is different. I think when we first commenced the manufacture of steel our competitors did not believe that we would be ready to make steel for a year after we did make it, and we went out to the various railroads and persuaded them to give us orders at $65 a ton, I think. I speak from memory, and I am not sure; but I think I remember well that we went and sold rails freely at $65 a ton. That may have been $5 a ton lower than our competitors were charging; and we sold a great many, because I knew that we were going to avoid the errors of previous builders.

Mr. CALDERHEAD. I was trusting to my memory about the time. I remember very well when English steel rails were sold for the first work on the Union Pacific Railroad at $140 a ton in gold, delivered at Omaha or Kansas City, and I think that in 1869 you tendered the same kind of rails at from $60 to $70 a ton, or they did.

Mr. CARNEGIE. What is this?

Mr. CALDERHEAD. In 1869 or 1870 they tendered rails at $65 or $70 a ton.

Mr. CARNEGIE. That is what I am saying—that our price was $65 or $70 a ton.

Mr. CALDERHEAD. The tariff was insignificant compared with that high price. What benefit was the tariff to you?

Mr. CARNEGIE. The tariff was this benefit—that if the tariff had not been imposed, and not alone by the Republican party——

Mr. CALDERHEAD. Well, by Americans?

Mr. CARNEGIE. I am going to tell you—but by patriotic Democrats that voted for it, also—if that had not been the declared policy of my country, the national policy, acquiesced in by enough of both parties, I would never have ventured upon the making of steel. None of us knew what a ton of steel rails would cost then. It was largely an experiment. But I am very sure that the cost was about as I tell you—$65 or $70.

Mr. CALDERHEAD. Yes.

Mr. CARNEGIE. We did not expect to make a great profit on that. The manufacture was in its infancy, and we sold, as I tell you, a great many steel rails—I think the enormous quantity, then, of 70,000 tons. The Cambria Iron Company boasted of having made 4,000 tons in a month. Do not imagine that you can adopt a new process in a country and go right off from the start.

Mr. CALDERHEAD. I understand that; but what I am trying to get at is just what benefit was the tariff to you?

Mr. CARNEGIE. The tariff benefit was this: Whatever it was, we felt sure (I took the risk of this) that whatever Britain could do, I would try to see whether we could not make rails $7—and it was more than that; it was twenty—ah, now—now I have got this! The first tariff put on steel rails was not insignificant. The first tariff put on steel rails was 30 per cent duty on the hundred, $28 a ton.

Mr. CALDERHEAD. Yes, sir.

Mr. CARNEGIE. Well, of course I need not talk further. I did not understand. Now, let me tell you——

Mr. CALDERHEAD. And at the time the price of rails was from $100 to $140 a ton?

Mr. CARNEGIE. I do not agree with you there. I think we made the first rails when it was $65 or $70. No; I am sure you are mistaken.

Mr. COCKRAN. Mr. Carnegie—are you through, Mr. Calderhead?

Mr. CALDERHEAD. Yes; let him finish his explanation, however.

Mr. CARNEGIE. Now, listen. Let me assure you again that if it had not been for a tariff of $28 a ton voted by both parties, and therefore I had some confidence in its continuance, we never would have touched steel.

Mr. CALDERHEAD. Why not?

Mr. CARNEGIE. I will tell you. I had very enterprising partners in the iron business. I told you this morning that not one of them would put a dollar in the enterprise. I was looked upon as the most sanguine of men. My own partners would not allow the steel business to be incorporated with the iron business; and I tell you that no man that went into the steel business in this country was successful personally—not one of them reaped the recompense he desired. Every steel concern failed or had to be reconstructed. The Cambria Iron Company was in the hands of a sheriff and was transferred into a new company. The Pennsylvania Steel Company, before its mills ran a ton, was only saved from bankruptcy by the Pennsylvania Railroad Company under the greatest president it ever had, John Edgar Thom-

son, advancing the then enormous sum of $600,000 and taking the risk of the Pennsylvania Steel Company succeeding. The Bethlehem Company was mortgaged. (That is the Pennsylvania Steel Company; that is the Bethlehem Company.) The Joliet works were sold out. Ward, of Detroit, the first one, failed. Griswold, of Troy—his plant was a failure. It is all very well for you to sit here and know now that the production of a steel rail is so easy. You should have been in at the beginning.

Mr. CALDERHEAD. But the reason for my questions is this: There is a real relation between the tariff and the manufacturer and also between the tariff and the wages of the men who work for him. The tariff is an insurance to the manufacturer that his capital invested will be protected at least to that amount. It is an insurance to him that he can pay the wages necessary to procure the labor.

Mr. CARNEGIE. I do not agree with you at all.

Mr. CALDERHEAD. Then I think there must be quite a difference between us.

Mr. CARNEGIE. There certainly is. When I went into steel I thought that the tariff protected me. I soon found that we did not need $28. You have got to pay men in this country the wages you can get the best men for. Labor is a commodity like anything else.

Mr. CALDERHEAD. Yes, sir.

Mr. CARNEGIE. It pays to get the best men and pay the highest wages for labor.

Mr. CALDERHEAD. Yes, sir.

Mr. CARNEGIE. Fewer men do your work, and you are getting honest, respectable, sober men. Mr. Schwab—no; who was it that spoke about labor this morning? Let me remember. There is a very important thing that was said this morning about labor. Yes; that the men did two men's work then for one that they would do to-day. When labor is plentiful, men do a great deal more work; at least 30 per cent more would be my estimate. When wages are high and men scarce, they do not do the work. The reason is this (I am not blaming the men for it; it is human nature): When labor is plentiful, a man is zealous to keep his job. When labor is very scarce, and you can not get other men, the man will be a great deal less attentive to his duties. That is my experience, and it is that of every employer of labor.

Mr. CALDERHEAD. Admitting all that, then, it still does not explain just what benefit the tariff was to you in starting the manufacture of steel rails.

Mr. CARNEGIE. Did I not explain that? I explained that I would not have started at all without the considerable advantage of the tariff.

Mr. CALDERHEAD. I understand that; but when I asked you why not, you entered into a discourse about the difficulty of procuring friends to invest capital and risk capital, and all that.

Mr. CARNEGIE. Certainly; and they would not have gone in without the tariff.

Mr. CALDERHEAD. Well, just why? What good did the tariff do?

Mr. CARNEGIE. Britain made steel rails long before we did.

Mr. CALDERHEAD. Yes.

Mr. CARNEGIE. And British appliances were such for export trade that they could have deluged us.

Mr. CALDERHEAD. Yes, sir.

Mr. CARNEGIE. I was willing to take the risk of any American beating me; but it comes to a different thing when an old-established works could export its surplus upon us.

Mr. CALDERHEAD. Then the tariff was an insurance?

Mr. CARNEGIE. I have just told you that it was the only insurance. I would not have gone in without it.

Mr. CALDERHEAD. That, then, was the relation of the tariff to capital. What was its relation to wages?

Mr. CARNEGIE. Gentlemen, the interest of capital and the interest of the workman are mutual.

Mr. CALDERHEAD. I understand that myself. You could not induce men to come to that employment in your mills for the same wages that they would have received in England?

Mr. CARNEGIE. That is quite true. But such are the advantages of the American market, the home market, the standardized market, as I have tried to explain to you, that we can beat the English manufacturer all the time, owing to the difficulties he labors under.

Mr. CALDERHEAD. And we no longer need that protection?

Mr. CARNEGIE. We no longer need that protection, in my opinion. I have repeated that twenty times.

Mr. CALDERHEAD. I understand that. Do you think that if the protection is continued the manufacturer will go to sleep?

Mr. CARNEGIE. There is that tendency in human nature—do you not think so?—that when you are doing well you will let well enough alone and are content.

Mr. CALDERHEAD. I see a good deal of that. I am glad you agree with me.

Mr. BONYNGE. Well, Mr. Carnegie, it has not altogether had that effect, because Mr. Schwab has introduced these new improvements that you gave him very high credit for this morning.

Mr. CARNEGIE. Certainly.

Mr. BONYNGE. So that it has not altogether had that effect.

Mr. CARNEGIE. There are exceptions to every rule, are there not?

Mr. BONYNGE. Certainly; that is one exception.

Mr. CARNEGIE. No; but I wish to explain about Schwab. Mr. Schwab was alone, you might say, in the Bethlehem works. He owns it. He was not financially very strong when he started; and he was most enterprising. If Mr. Schwab, after running awhile, was making the great profits that we hear of, and everything was going well, the influence upon him might be sedative.

Mr. BONYNGE. Yes; and then do you not imagine that somebody else would arise that would introduce some new improvements and wake Mr. Schwab up or put him out of business?

Mr. CARNEGIE. If there were no combinations that would be the effect; and the policy of trying to bolster the inefficient that may need a tariff to-day, when others say they do not, would be the most unfortunate policy, in my opinion, for the Government to pursue.

Mr. CALDERHEAD. The policy would be unfortunate if the Government was to attempt to fix the prices; but as long as prices will be fixed by the output of the efficient organizations I do not feel as if I have much interest in the inefficient organizations.

Mr. CARNEGIE. How would it be if they all got together and agreed upon a common price that would make the inefficient organization profitable?

Mr. CALDERHEAD. Would legislation either way on the part of the Government prevent their getting together?

Mr. CARNEGIE. Yes; if combinations are unlawful.

Mr. CALDERHEAD. Oh, that would be a criminal statute; but could legislation, either for tariff or for free trade, prevent it?

Mr. CARNEGIE. No; I say again that in our present situation it would not make a rap of difference, in my opinion, to the steel industry of this country if the tariff were now removed; because, to the best of my knowledge and belief, it is impossible for the foreigner seriously to affect the great market we have for steel.

Mr. GAINES. In connection with what you were just saying, Mr. Carnegie, I understand that you question our ability to find out the cost here and abroad, owing to the difficulty of the subject-matter and our lack of the technical capacity to understand the information which we get; and that you advise us to make up our minds with reference to the steel schedules from two facts: First, the statement of Judge Gary (about which, however, there is some dispute); and then the other known fact, that the United States Steel Corporation exports a considerable amount of steel. In coming to a determination as to whether the steel company makes such a profit that it can be independent of foreign competition, you divide the number of tons of its output by its net profit, and that is somewhere from thirteen to fifteen dollars a ton. The steel company, however, owns its own ore, and has in that profit an ore seller's profit. It owns transportation on the lakes, and in that is included a lake transportation profit. It owns railroad interests, and in that is included railroad profits. It owns coal mines and makes its own coke, and in that is included the profits of the seller of coke. What would be the effect, in your opinion, of a reduction? (It also owns limestone and a number of other raw materials. I do not undertake to name them all.)

Mr. CARNEGIE. No, no; I understand. Say "and all the materials."

Mr. GAINES. Yes. What about the maker of pig iron or steel billets or any other form, at any other stage of the manufacture you choose, who does not own these primary processes of manufacture? What would be the effect on him?

Mr. CARNEGIE. He would make less profit per ton than the man who owned all of these, necessarily.

Mr. GAINES. Oh, yes; he makes much less profit per ton now on any one or two or three items of manufacture or processes of manufacture than the man who has a larger number of them. My question was, Would not the tariff wipe out that small competitor? Take the man who has to buy his ore and his coke, and who has no transportation profits, but must buy transportation from some one else. Have you considered the effect on him of this reduction?

Mr. CARNEGIE. No; I have not. I have considered the effect of the tariff upon men who run their business and make all these things; and then I do not know any small concern that makes just one item of steel, that buys everything and makes steel. I would not regard him, because I consider that he has not managed his business well, and he should not be considered a steel manufacturer at all.

Mr. GAINES. That brings us right up to the point. You have stated that in your opinion it is not the business of the Government, by the use of the tariff or by any other device, to aid the incompetent or the sluggish?

Mr. CARNEGIE. Yes, sir.

Mr. GAINES. I agree entirely with that; but is that intended to include all men who are not in the "aristocracy," as you might call it, of steel production? Everybody can not have your success, Mr. Carnegie, nor that of Judge Gary, nor that of Mr. Schwab; and yet there are men of, I think, very considerable capacity, perhaps, who are not so large. How is any man to start? You were small one day in the iron production, were you not, and in the production of steel?

Mr. CARNEGIE. No; we started with Bessemer works and everything. When I went into steel we had everything.

Mr. GAINES. But you did not start at the top of the steel production, did you? Perhaps you did, but there are other very capable men who did not.

Mr. CARNEGIE. The point you make is this, that you are not considering people abroad.

Mr. GAINES. Oh, no; not except as they affect our own people.

Mr. CARNEGIE. Then, if you not going to protect every manufacturer—small concerns, as you say, who make only one thing—if it is a specialty, you will find he gets a high price for it. There are numerous small manufacturers who make a specialty of a thing, but such a man certainly can not compete with the United States Steel Company in making rails or structural steel or plates or any of these things. The time has gone past for that.

Mr. GAINES. I think you are right on the very question: Has the time for the small independent man gone by? We can not legislate, Mr. Carnegie, for the steel company, or ought not to; and we ought not to legislate at it, but for the general condition of the country. Now, let me ask you this question, based upon that assertion. It may be correct or not, but it is my opinion. Is there not danger, if we take the tariff entirely off of steel products, that we may be aiding the steel company still further to create a monopoly of the business by destroying its remaining competition in this country, or tending to destroy that remaining competition?

Mr. CARNEGIE. Why, these small makers do not compete.

Mr. GAINES. Some of them sell billets, do they not?

Mr. CARNEGIE. I do not know of any concern that makes only billets.

Mr. GAINES. Are there not small makers of pig iron in the country?

Mr. CARNEGIE. If there are small makers of pig iron in the country they may do just as well as the large ones. If you have a furnace plant capable of turning out a few hundred tons a day of pig iron, I do not think the man that has 10 furnaces can make pig very much cheaper—pig iron by itself. And there are many small manufacturers who make specialties for which they get large prices. There will always be room for the able, enterprising man to devote himself to one specialty and make a profit on it. His specialty, probably, would not be imported. But a man who, under present conditions, wishes to go into the steel business, except on a large scale, is a man whom you need not bother yourselves about. He has not

the judgment necessary; and if the Government undertakes to nurse failures in business——

Mr. GAINES. No; I am not talking about nursing the failures. I am talking about a condition under which there is an opportunity for other people to start in a business than those who have already achieved the most pronounced success in the business.

Mr. CARNEGIE. You can not conduct a great steel business, and make rails and plates and girders and all that; the man is destitute of judgment who would attempt it.

Mr. COCKRAN. You mean without large capital?

Mr. CARNEGIE. Well, but he means a small man.

Mr. COCKRAN. But I say your answer would indicate that any man who started in the steel business was destitute of judgment.

Mr. GAINES. It was your answer to my remark, Mr. Carnegie.

Mr. CARNEGIE. What is that?

Mr. GAINES. Mr. Cockran was interpreting your answer and not my remark.

Mr. COCKRAN. Yes; I am merely suggesting that you add to your answer "without capital," so as to make it clear.

Mr. CARNEGIE. Oh, but wait. He would still be a bigger fool if he had capital and did not build big works.

Mr. COCKRAN. Well, of course. [Laughter.] In other words, unless he employed it?

Mr. CARNEGIE. The time has gone past when in this great country the things that are used in the hundreds of thousands, of steel, can be economically produced on a small scale.

Mr. GAINES. Then your opinion is that the time for the small manufacturer in steel has gone by, and we are to recognize the day of the large man and legislate solely with reference to him?

Mr. CARNEGIE. I think that that is quite true; but mind you, there will always be specialties which can be made in small quantities by the able man—always.

Mr. GAINES. Oh, yes; a razor or a special sort of high-speed steel or something like that?

Mr. CARNEGIE. Oh, a thousand little things.

Mr. GAINES. But in the general steel business, not the specialties—as you said about tin plate, when we speak of "steel," it has a sort of meaning in a general way to all of us.

Mr. CARNEGIE. Yes.

Mr. GAINES. The day for the small man in the business, in your opinion, has gone by; and in making up this tariff bill we should recognize that there is no longer any hope for him?

Mr. CARNEGIE. That is what I believe. Do you differ with that?

Mr. GAINES. Yes, Mr. Carnegie. I am very reluctant indeed to believe that the day of opportunity for the man of fairly modest means and the man who is not even a great genius has gone by, and that he must simply operate under the shadow of the protective wing and care of the big man. That is a thing that I hate to come to.

Mr. CARNEGIE. My dear sir, the enterprising man under the shadow of what you call the big man, the big establishment, has far more opportunity of rising to fortune than he ever had of conducting a small business.

Mr. GAINES. I am inclined to think so.

Mr. CARNEGIE. And I am sure of it.

Mr. GAINES. But, at the same time, he should have an independent chance, I think. Still, that is a mere question of giving my opinion now, when yours are of much greater interest.

Mr. CARNEGIE. Yes; but hold on a little, now. Let us just get your judgment on this point: You agree with me in the statement that the opportunities for clever men never were so great as since these great aggregations of capital and works have taken place. Why, imagine—take my own experience: I had 43 partners. There is not one of them but one that put a dollar in the business, and they were millionaires when we sold out. There never was such a chance.

Mr. GAINES. That was good work.

Mr. CARNEGIE. There never was such a chance for able men to make a fortune as these immense establishments have given. You have a wrong conception altogether about the small manufacturer.

Mr. GAINES. Yes; but——

Mr. CARNEGIE. Wait a moment. The man that had half of 1 per cent of interest with us—we promoted 42 of them, young fellows; no relatives. There was only one that was a cousin of some partner, and he got in on his merits. No; there were two, but they got in in spite of that. It was ability; and these young fellows—Schwab was one of them—I found Schwab on the Allegheny Mountains. He had a taste for music then, and played a little. He was a bright boy. He wanted a situation. I sent him down to the works. He was a draftsman. He is an awfully clever fellow, Schwab is. He attracted attention, and he got an interest in the firm; and he had—I need not tell the money he had when he left. He was no small man. [Laughter.]

Mr. GAINES. That I can readily believe.

Mr. CARNEGIE. Imagine what chance there would have been for Schwab when men were small manufacturers, pegging away at a hundred small establishments. That genius would never have had a chance to develop; because, besides being a great mechanic, he is the best manager of men I ever knew.

Mr. GAINES. But do you think, Mr. Carnegie, that the fact that there are opportunities under such men as yourselves is any reason for depriving people of opportunity elsewhere—those who want to start on their own account?

Mr. CARNEGIE. Those who want to start on their own account without capital betray a lack of judgment that will prevent them from ever being successful men.

Mr. GAINES. A strange state of affairs is about to develop. The agitation for the reduction of the tariff on steel, and perhaps for revision of the tariff, seemed to start mainly in the country because of the sale of steel rails abroad cheaper than at home. Now you aid the movement for the reduction of tariff, while defending the chief cause of complaint.

Let me ask you this question, Mr. Carnegie: When you were in business, did you sell abroad cheaper than at home?

Mr. CARNEGIE. I never had the glorious opportunity of exporting as far as I remember.

Mr. GAINES. You did not export? What is your impression as to the practice of selling abroad cheaper than at home? What is your opinion of that practice?

Mr. CARNEGIE. I think it is good for all parties concerned.

Mr. GAINES. Will you analyze that?

Mr. CARNEGIE. Yes; with pleasure. You make everything cheaper if you keep your men at work; and if orders are slack at home, and there is the alternative of idle men with families to support, and the other alternative is that you are to run at a loss, or without profit, I know what my practice was. I ran the mills, and I sold everywhere I could sell. I think that the man who disturbs such an organization as we had, instead of maintaining it at a loss every month, is a poor manager.

Mr. COCKRAN. Why could you not sell at home cheaper?

Mr. CARNEGIE. Because there is a certain demand at home that is supplied. We never sold abroad if we could sell at home.

Mr. COCKRAN. I understood you to say that you pursued the policy of reducing prices at home whenever there was a slackening in the demand, so as to stimulate it.

Mr. CARNEGIE. Oh, the same policy there?

Mr. COCKRAN. Yes.

Mr. CARNEGIE. Oh, yes; but he is asking me a different question there.

Mr. COCKRAN. But why should you sell abroad cheaper than at home? Why not sell just as cheaply at home?

Mr. CARNEGIE. Because if I sold every rail at a loss, I would soon shut up, and the rails would be dearer than ever.

Mr. COCKRAN. But would not the loss be just as great in the foreign markets?

Mr. CARNEGIE. No.

Mr. COCKRAN. Why?

Mr. CARNEGIE. Because you only sell the amount needed to keep your works running.

Mr. COCKRAN. Why not do that at home?

Mr. CARNEGIE. Because the demands were not here. They were satisfied.

Mr. COCKRAN. Yes; but I understood that you could create a new demand by a reduction of price.

Mr. CARNEGIE. I have never mentioned that subject.

Mr. COCKRAN. I questioned you about it this morning, Mr. Carnegie. Perhaps you have forgotten.

Mr. CARNEGIE. Well, wait a moment; wait one moment. There are two policies—whether the steel company's policy was right in holding up prices, or whether the consumer would benefit if we reduced prices. Now, I hold—I have an open mind; the other has not been tested, you remember——

Mr. COCKRAN. Which other?

Mr. CARNEGIE. The policy of keeping up prices; it has not been tested yet. But if we had a depression we would rather reduce our prices if we thought it would stimulate orders, which has that effect, but not, sometimes, to a great extent. In regard to steel rails, a railroad company will buy so many steel rails. In depressed times there are no new railroads building, and I do not think that a reduction of prices there would give us 1 ton more orders. It would in this way—we might get an order. No; no railroad would buy a rail that it did not need.

Mr. COCKRAN. Why, do you mean to say that the cost of rails would not have itself an effect upon a railway if it was contemplating relaying a track or extending its trackage?

Mr. CARNEGIE. Yes.

Mr. COCKRAN. Would it not have some effect?

Mr. CARNEGIE. Yes; some slight effect.

Mr. COCKRAN. Well, that is all.

Mr. CARNEGIE. No, no! In times of depression railroads are not often contemplating extensions.

Mr. COCKRAN. That would depend upon what they cost; and if the reductions were extensive enough, do you not think that would be a factor in stimulating consumption?

Mr. CARNEGIE. But you do not extend any work on a railroad solely because of the cost of steel rails. A great many other things must be purchased.

Mr. COCKRAN. I understand that; but that is one factor, is it not?

Mr. CARNEGIE. And the tendency is that low prices stimulate production. There is no doubt about that.

Mr. COCKRAN. When a manufacturer decides that he has a surplus (which of course comes from failure of demand), might not that demand be stimulated with good results at home as well as abroad by offering the steel product, whatever it is, at a lower rate?

Mr. CARNEGIE. I really do not believe that the lower cost of rails alone would stimulate railroad companies to buy much more—any reduction that you could make—although, of course, political economy does teach that low prices always increase consumption, as a rule.

Mr. COCKRAN. It certainly applies to structural steel; a diminution in prices results in very greatly increased consumption.

Mr. CARNEGIE. It applies to everything in degree.

Mr. COCKRAN. Yes; I suppose what you mean is that in the case of steel rails the consumption is confined to a single customer—that is, the railroad—whereas, in the case of structural steel, the consumption is extensive?

Mr. CARNEGIE. Yes; I think you might tempt a millionaire who wished to build a skyscraper with a great bargain, a fall of prices, if you were a bold man. A fall of prices would lead him to go on with his work again.

Mr. COCKRAN. Mr. Carnegie, you made a very significant remark——

The CHAIRMAN. Mr. Carnegie, you seem to feel quite weary, and I do not know whether it would be your pleasure to come to-morrow morning at half past 9 and finish up your conversation here.

Mr. CARNEGIE. Well, gentlemen, if you are not weary, I would rather finish now.

The CHAIRMAN. All right; I just wanted to know.

Mr. COCKRAN. Mr. Carnegie, you said to Mr. Gaines that of the 43 partners with whom you started——

Mr. CARNEGIE. I did not start with forty-three; I ended with forty-three.

Mr. COCKRAN. Well, of the 43 you had, only 1 of them ever put in any money?

Mr. CARNEGIE. Yes, sir; that is true. Well, allow me—I think there was another one that went in who had a small interest in some of our other works. There may have been two.

Mr. COCKRAN. For the purpose of fixing what the profits of that industry were, would you mind telling us what capital was put into the Carnegie Company to begin with? With what capital did you start?

Mr. CARNEGIE. I could not tell you. It was in the millions; but really, I would have to refer——

Mr. COCKRAN. Mr. Schwab testified that there was no capital at all; that practically all the capital that ever was in the business had been made out of its profits. Was that a misapprehension on his part?

Mr. CARNEGIE. Oh, I think it was a misappehension upon yours.

Mr. COCKRAN. I will read you his testimony.

Mr. CARNEGIE. Oh, listen—made out of the business?

Mr. COCKRAN. Yes.

Mr. CARNEGIE. Oh; that is a different thing. We were in iron for many, many years, and we made money that we put into steel. He is quite right about that.

Mr. COCKRAN. I want to get back to the beginning. Would you mind telling me, then, with what capital you did start?

Mr. CARNEGIE. I could not without refreshing my memory.

Mr. COCKRAN. Would you mind coming within a million or so of it? [Laughter.]

Mr. CARNEGIE. Do you mean when I first started in iron?

Mr. COCKRAN. Yes; we will begin with that.

Mr. CARNEGIE. Oh, well, we started in a small iron mill. You must not take this as correct; I will give it to you as I remember it. It was a small amount, the first interest I took in iron. It seems to me—I can tell you where my start was. Now I remember: My first start for manufacturing was in bridges. I saw that wooden bridges were not things for railroads, and we built a small bridge of cast-iron, and I saw that the time for iron bridges was coming, and I started there with $1,500 which I borrowed from the bank as my share. I got five other partners with me, practical men, and they each put in $1,500; and we made a small start on building bridges.

Mr. COCKRAN. So you started with $9,000?

Mr. CARNEGIE. I think that that is about the amount.

Mr. COCKRAN. There were six of you who put in $1,500 apiece?

Mr. CARNEGIE. Five of us. Five of us, I think.

Mr. COCKRAN. You said there were five others besides yourself. That was six altogether?

Mr. CARNEGIE. It may have been five with me.

Mr. COCKRAN. Yes; five with yourself.

Mr. DALZELL. "Five of us," he said.

Mr. CARNEGIE. I think so; I think so.

Mr. COCKRAN. Then you started with $7,500?

Mr. CARNEGIE. Yes.

Mr. COCKRAN. Was there any other capital put in after that, or did you go along——

Mr. CARNEGIE. Oh, of course as we made money we put it into the business.

Mr. COCKRAN. I mean there was no outside capital put in after that; was there?

Mr. CARNEGIE. I do not remember of any outside. Of course I made a good deal of money. I went abroad and sold bonds for the Pennsylvania Railroad Company, and I made a good deal of money; and that went into the business.

Mr. COCKRAN. Could you tell us about how much?

Mr. CARNEGIE. No.

Mr. COCKRAN. I mean to say; what I want to get at is——

Mr. CARNEGIE. At various times we put in capital; but it was not in the millions.

Mr. COCKRAN. Was it in the hundreds of thousands?

Mr. CARNEGIE. Oh, yes; I should think it was.

Mr. COCKRAN. Could you say how many?

Mr. CARNEGIE. I can not.

Mr. COCKRAN. Was there altogether $500,000 put in?

Mr. CARNEGIE. I hardly think so. I do not think there was that much.

Mr. COCKRAN. Would you say $400,000?

Mr. CARNEGIE. Oh, now, this is a question that I have not thought over for forty years. I can not recall these things; but I will be delighted to tell you.

Mr. COCKRAN. We might start, then, I suppose, with the assumption that the capital that you started with was not over $500,000, all told, of every kind?

Mr. CARNEGIE. Oh, what we started with was not anything like that.

Mr. COCKRAN. But I mean that you put in at any time from outside sources?

Mr. CARNEGIE. Do you mean during all of my career?

Mr. COCKRAN. I mean while you were in the iron business. Well, I will go through all your career; yes. Perhaps that will shorten it. At any time in all your career, while you were in the iron or the steel business, how much capital in the way of cash subscriptions did you put into your business?

Mr. CARNEGIE. Oh, I could not tell you that; but it was a small amount. I should think half a million dollars would cover it.

Mr. COCKRAN. That would cover it all?

Mr. CARNEGIE. Up to a certain time.

Mr. COCKRAN. Up to what time, Mr. Carnegie?

Mr. CARNEGIE. Oh, well, now, here again I will give you an estimate, if you like, to the best of my knowledge.

Mr. COCKRAN. I will take that if you can not give me anything better. I will take the best you can give me.

Mr. CARNEGIE. I put at various times into the business—first we started to build bridges; then we went into the iron business.

Mr. COCKRAN. You had $500,000 at some time or other put in. About what time was that? What time could you fix as about the time when your total subscriptions of capital to your enterprise amounted to $500,000?

Mr. CARNEGIE. Oh, I really could not trust my memory as to that.

Mr. COCKRAN. About when?

Mr. CARNEGIE. Oh, but "about." "About" is——

Mr. COCKRAN. Did you ever put any more in? I mean, now, of outside capital; or did you ever get any more capital into your business than $500,000 at any time?

Mr. CARNEGIE. Do you mean when we organized the steel company?

Mr. COCKRAN. I will take any time that you like, Mr. Carnegie, when your memory gets at it. Just take that point.

Mr. CARNEGIE. You would have to give me time to go over all the documents. I would be most anxious to give you all these things, but can you go back forty years and tell everything about how much money you had?

Mr. COCKRAN. Yes; I can tell every penny I had forty years ago, and it would not take me very long. [Laughter.]

Mr. CARNEGIE. Well, I can not; I truly can not.

Mr. COCKRAN. I could even tell which pocket I carried it in. [Laughter.]

Mr. CARNEGIE. I am totally unable to do it.

Mr. COCKRAN. Can you not tell us in round numbers——

Mr. CARNEGIE. No; I can not.

Mr. COCKRAN. You have not let me finish my question yet.

Mr. CARNEGIE. Oh, I could not tell you.

Mr. COCKRAN. Could you tell me within a million or so of how much capital you ever had subscribed to your business?

Mr. CARNEGIE. We went on making money.

Mr. COCKRAN. Yes; I understand that.

Mr. CARNEGIE. Let me show you how it was, and then you will see how impossible it is for me now to recall these things. We went on with possibly some bridges. Then we went into iron. Then we concluded to build a blast furnace. That was a time when it was very difficult, because blast furnaces are ticklish things. Then we went on to build more and built up an iron business. Then the bridge works grew out of the profits—I can tell you this—principally out of the profits; chiefly out of the profits.

Mr. COCKRAN. Mr. Schwab said they were all out of the profits. If there was any misapprehension, I want to get the misapprehension removed.

Mr. CARNEGIE. Oh, Mr. Schwab was not with me then.

Mr. COCKRAN. That is the reason I want you now to supplement Mr. Schwab's misapprehension by your own information.

Mr. CARNEGIE. But I do not know what Mr. Schwab said.

Mr. COCKRAN. Regardless of that, you got $7,500 to start with. Then, we have various contributions from sales of bonds and other sources?

Mr. CARNEGIE. Money put in.

Mr. COCKRAN. Put into the steel business.

Mr. CARNEGIE. Mr. Cockran, I was the capitalist of the concern.

Mr. COCKRAN. I understand that.

Mr. CARNEGIE. I made some money and put it in. We began in a very small way. I wish I could just take a book and show you. I do not want to make blunders.

Mr. COCKRAN. Could you fix the maximum amount beyond which you did not put in money?

Mr. CARNEGIE. No; let me tell you. I will give you the process, and it was in very small amounts. I have told you that we began——

Mr. COCKRAN. Yes; you began.

Mr. CARNEGIE. Then we went into the next venture we made in iron. We kept on in iron and bridges. We put our money back. All the partners were economical. Our finances were always pretty ticklish, and all the money that we made in the business we kept in. We were all very economical. Then it came to the time when I saw that the Bessemer process was a success.

Mr. COCKRAN. What time was that, Mr. Carnegie?

Mr. CARNEGIE. That I can not tell.

Mr. COCKRAN. I mean near it?

Mr. CARNEGIE. I have no more idea what that year was, or about the time, than I have——

Mr. COCKRAN. Was it in the sixties or seventies or what?

Mr. CARNEGIE. Oh, I can not tell. I would have to think it out.

Mr. COCKRAN. Could you tell whether it was in the fifties or the seventies?

Mr. CARNEGIE. No. [Laughter.] Really, there is nothing I wish to conceal. I would with pleasure get my young partners——

The CHAIRMAN. Mr. Cockran, are you not satisfied that you can not get that?

Mr. COCKRAN. I am going to get as much as I can, Mr. Chairman.

The CHAIRMAN. It occurs to me that you have. [Laughter.]

Mr. COCKRAN. Oh, no; Mr. Carnegie will tell me more in detail.

Mr. CARNEGIE. I will tell you all I can.

Mr. COCKRAN. Of course you will, Mr. Carnegie.

Mr. CARNEGIE. We went into the business, into the steel works. That was a great venture. I got a large number of people to go in.

Mr. COCKRAN. About what time was that when you got a large number of people to come in?

Mr. CARNEGIE. Do you know when the steel company was started? I do not remember the year. I suppose that does not make any difference.

Mr. UNDERWOOD. 1891.

Mr. COCKRAN. Oh, no. He means his steel company.

Mr. CARNEGIE. Do you know? I do not. I can not remember what year we started the steel works in; but we started them.

Mr. COCKRAN. Was it in the seventies or the eighties or the nineties? Could you tell us that—or the sixties?

Mr. CARNEGIE. I could tell by the fact that steel rails were $75 a ton.

Mr. DALZELL. Are you talking now about the building of the Edgar Thomson Steel Works?

Mr. CARNEGIE. Yes.

Mr. DALZELL. Is that the beginning?

Mr. CARNEGIE. Yes.

Mr. DALZELL. That was about 1870.

Mr. CARNEGIE. Yes—well, Mr. Dalzell says it was about 1870.

Mr. COCKRAN. The Edgar Thomson Steel Works were your steel works, practically?

Mr. CARNEGIE. Yes, sir.

Mr. COCKRAN. With which you were identified?

Mr. CARNEGIE. Yes, sir.

Mr. COCKRAN. Were they built from the profits earned in the iron company or were they built by the subscription of fresh capital?

Mr. CARNEGIE. Oh, I got a great many partners to go in there.

Mr. COCKRAN. Well, at this time——

Mr. CARNEGIE. John Edgar Thomson, of the Pennsylvania Railroad, was a partner; James A. Scott was a partner; Mr. David McCandliss, and Mr. John Scott, oh——

Mr. COCKRAN. Can you remember what the capital of that was, how much actual cash was put into that enterprise?

Mr. CARNEGIE. No; upon my word, I can not. But we did not build those works. I should think the blast furnace—I should think two or three million dollars.

Mr. COCKRAN. Two or three million dollars?

Mr. CARNEGIE. Now, I may be altogether wrong——

Mr. COCKRAN. They did not exceed $5,000,000, did they?

Mr. CARNEGIE. I will not say; I can not.

Mr. COCKRAN. Your best impression is two or three million dollars?

Mr. CARNEGIE. I think so.

Mr. COCKRAN. The Edgar Thompson Steel Company started at that capital. Was there any additional capital put into it, or did it expand itself by its own earnings, by the reenforcement of its earnings?

Mr. CARNEGIE. I think the Edgar Thompson Works did. There may have been five or six hundred thousand dollars or something of that kind put in.

Mr. COCKRAN. But they were highly successful?

Mr. CARNEGIE. They were successful.

Mr. COCKRAN. And as the money was earned, after the partners took out what was necessary for their support, the surplus was reinvested and the work expanded?

Mr. CARNEGIE. Religiously. The partners were not then millionaires; they had an interest in the firm, but they hoped for it——

Mr. COCKRAN. But they lacked for nothing, and they were putting back their surplus earnings into the company?

Mr. CARNEGIE. Yes, sir.

Mr. COCKRAN. After the Edgar Thompson Works started the Carnegie Iron or Steel Works were started?

Mr. CARNEGIE. The Edgar Thompson started, and none of my partners would go into it.

Mr. COCKRAN. None of your partners would go into it?

Mr. CARNEGIE. No, sir.

Mr. COCKRAN. That is, none of your old partners in the iron business?

Mr. CARNEGIE. That is what we are talking about.

Mr. COCKRAN. Then these other gentlemen, whose names you have mentioned, were not partners?

Mr. CARNEGIE. What is that?

Mr. COCKRAN. Were they partners?

Mr. CARNEGIE. Oh, yes.

Mr. COCKRAN. Those are the gentlemen I speak of, and I understood you to say that they were not partners.

Mr. CARNEGIE. Oh, I never said that.

Mr. COCKRAN. Your old partners in the steel company——

Mr. CARNEGIE. The steel company was not a partnership.

Mr. COCKRAN. The Edgar Thomson Company?

Mr. CARNEGIE. That was a corporation.

Mr. COCKRAN. Yes. It grew under your management and waxed fat, and then you started another one. What form did the extension take?

Mr. CARNEGIE. We built more blast furnaces.

Mr. COCKRAN. Still under the name of the Edgar Thomson Company?

Mr. CARNEGIE. All was under the name of the Edgar Thompson Company, I think. The Union Iron Mills also had blast furnaces.

Mr. COCKRAN. Were they part of the Edgar Thompson Company?

Mr. CARNEGIE. Not until the consolidation.

Mr. COCKRAN. And were the Union Iron Mills—who started the Union Iron Mills?

Mr. CARNEGIE. Those were our iron mills.

Mr. COCKRAN. Those were iron mills in existence before the Edgar Thomson Company——

Mr. CARNEGIE. They were the mills we started to make iron. And then we went into blast furnaces and made pig iron.

Mr. COCKRAN. You say "we." Whom do you mean by "we." the Edgar Thomson Company or the Union Iron Mills?

Mr. CARNEGIE. The Edgar Thomson Company was a later development. We went into making steel as a final plunge.

Mr. COCKRAN. The Union Iron Mills?

Mr. CARNEGIE. My partners would not go in for a time. Finally they were willing to go in, when they saw the success, and then we made the firm of Carnegie Brothers & Co., and that included the steel works and iron works and bridge works—no; not the bridge works; the bridge works was a separate corporation.

Mr. COCKRAN. This was the old corporation, as I understand it, that started originally with $7,500, that became the Union Iron Mills and expanded into the manufacture of steel and everything else.

Mr. CARNEGIE. They were consolidated.

Mr. COCKRAN. They were consolidated with whom?

Mr. CARNEGIE. The Edgar Thomson Steel Works, becoming the Carnegie Brothers & Co.

Mr. COCKRAN. I say they consolidated with whom?

Mr. CARNEGIE. The whole of them; the iron and steel were consolidated.

Mr. COCKRAN. Was there any increase of cash capital in this or any cash capital contributed by anybody during the progress of this consolidation?

Mr. CARNEGIE. No. Of course the first capital was in the Edgar Thomson Company.

Mr. COCKRAN. I understand.

Mr. CARNEGIE. And then we consolidated it. Most of these gentlemen died or sold out or were disappointed, and then we bought them out, and we consolidated the iron department—everything we had in iron except the Keystone Bridge Works, which was separate. Then we consolidated the iron with the steel, and when my partners got

over their fright and saw that the rash partner was going to be successful they consolidated.

Mr. Cockran. When they discovered who was the real wise partner they were eager to consolidate?

Mr. Carnegie. Yes.

Mr. Cockran. And then we find the Edgar Thomson Steel Company and the Union Iron Mills merged into the Carnegie Brothers' Company?

Mr. Carnegie. Yes, sir.

Mr. Cockran. You spoke of the Homestead Bridge Company?

Mr. Carnegie. No; the Homestead works. It was the Keystone Bridge Company.

Mr. Cockran. The Keystone Bridge Company?

Mr. Carnegie. Yes. Will you tell me what you want to get at, and I will tell you.

Mr. Cockran. I will tell you frankly, I want to get what the actual profits of your company were—the company which was a great monument to your success. For that purpose I want to find out what cash capital was put into the company and how that has grown.

Mr. Carnegie. Why didn't you tell me that? [Laughter.] Do you know, when you have not thought of a subject for thirty years, you can not remember everything. I could lie down in my bed and think for a while and study it up. Practically, Mr. Cockran, one enterprise gave us the capital, of course in a small degree, for another enterprise; one was merged into another, and so on, and so on.

Mr. Cockran. Exactly.

Mr. Carnegie. I wish you had asked me that.

Mr. Cockran. So that practically, Mr. Carnegie, when you sold out your interest—well, when you withdrew, at the time of the formation or prior to the formation of the United States Steel Company, this vast property which had been created by your partners and yourself represented almost entirely profits earned?

Mr. Carnegie. Why didn't you ask me that question?

Mr. Cockran. I started by citing what Mr. Schwab had said, and you said you thought that was a misapprehension, and you came along finally to this conclusion——

Mr. Carnegie. But Mr. Schwab was wrong.

Mr. Cockran. Yes; Mr. Schwab was wrong, then, two or three millions of dollars?

Mr. Carnegie. Certainly.

Mr. Cockran. What do you remember was the amount paid you for this enterprise when you sold it?

Mr. Carnegie. My position there was—now, I can tell you exactly—that is, recent.

Mr. Cockran. Yes, Mr. Carnegie; thank you very much.

Mr. Carnegie. My partners, young partners, received an offer for the mills, to convert them into this great new company, consolidate with the others, and I sent my cousin out to Pittsburg, who was a partner himself, to ask the young men if they were all in favor of making this change; that if they were, I would acquiesce, because I had made up my mind when I was younger that I would never spend my old age grabbing for more dollars. There is a phrase that you know, Mr. Cockran, very well, when an old man says he retires for

the making of his soul. Well, I made up my mind that I would retire early, and then I said to these young men, "I will do whatever you wish," and they all wished to sell out. Now, I had nothing whatever to do with the negotiations. They made their bargain and came to me and asked what I would sell for, and I said I would sell for the same amount of bonds as they were to receive, 7 per cent preferred stock. You see they were continuing in the business and they took 7 per cent stock and I took 5 per cent bonds. Then they got $1,500 a share more of common stock, and I declined to take any common stock because I thought it was then water.

Mr. Cockran. It has turned out to be wine, has it? [Laughter.]

Mr. Carnegie. Yes. I didn't take any.

Mr. Cockran. You regarded water as not a thing financially to be used as a beverage?

Mr. Carnegie. Well, I was satisfied with the bonds.

Mr. Cockran. You took yours in bonds because you did not like common stock; is that it?

Mr. Carnegie. No; I could have gotten the common stock in addition.

Mr. Cockran. Oh, you could?

Mr. Carnegie. I have no doubt of it.

Mr. Cockran. Then, you did not take the common stock because you regarded it as water, and you did not want to carry water even on one shoulder?

Mr. Carnegie. But, remember, I do not consider it water now.

Mr. Cockran. Of course, I understand that. Nobody could think that that looks at a stock list of quotations.

Mr. Carnegie. I think, perhaps, you are inquiring into private matters.

Mr. Cockran. The moment I touch that I want you to tell me, because my only object is this: We have been talking a great deal about the profits of the company. You, for instance, have been testifying about the profits in the last year, and you have asked the committee to be careful about going after specific facts on which to fix their tariff legislation, and I thought it important, for the purpose of getting the exact facts in considering possible tariff legislation, to show how this company has grown from a very small beginning to the stupendous amount of $1,780,000,000, as the value fixed by Mr. Gary.

Mr. Carnegie. Which great company?

Mr. Cockran. The Steel Company itself. First of all, I wanted to find out how much your company is paying, how much it was sold for, to get the growth of that, and then I was in hopes I could find the corresponding growth of the other companies and get an idea of what the profits on steel might be.

Mr. Carnegie. If that is your object, I do not think I am justified in revealing our private matters.

Mr. Cockran. Then I haven't the slightest disposition to ask you a question which you consider would be asking to reveal private matters.

Mr. Carnegie. I would not object for a moment to tell you, and I have told you just what I got.

Mr. Cockran. You told us you got bonds, but you did not tell the amount, and I have no right to press you on that.

Mr. CARNEGIE. No, sir.

Mr. COCKRAN. But I understood you to say to-day that one of the great sources of information you considered absolutely reliable was the report of the company for the last year, and I must say I agree with you as to a company that earned $160,000,000, less $27,000,000 deducted for sinking funds on bonds of subsidiary companies, depreciation and extinguishment funds, replacement funds, and so forth, leaving the amount at $133,000,000, quoted by Mr. Plain, and expenses, the difference between your estimate and Mr. Plain's. Now, if that be a reliable source of information as to whether this company should have the tariff or not, would it not be equally proper for us to look back and see what the earnings were when you were the chief factor?

Mr. CARNEGIE. I do not think the tariff question was an issue then.

Mr. COCKRAN. I do not think it was an issue. I think it was a factor, though.

Mr. CARNEGIE. Certainly.

Mr. COCKRAN. Yes.

The CHAIRMAN. Is not that the amount that is deducted from the interest on those bonds?

Mr. COCKRAN. No; that is deducted from the other amount of $133,000,000 bonds of subsidiary companies. They have only deducted from this amount; from $133,000,000 they have deducted the interest on the bonds and the preferred stock and the dividends on the common stock. That is not net earnings.

The CHAIRMAN. No; they are not net earnings.

Mr. COCKRAN. Oh, no; the $133,000,000 is not their net earnings.

Mr. CARNEGIE. If you want the United States Steel Company to tell you the cost of everything, go to them and get it.

Mr. COCKRAN. The only trouble is that we have the same difficulty with everyone that we have with you. The moment it touches information exclusively within your own control you do not care to give it, and the committee has that difficulty all the time.

Mr. CARNEGIE. Because I am no longer in steel. I have retired.

Mr. COCKRAN. But you have knowledge and information of most important character as to the growth of this industry, and its development under the influence of this tariff, while the tariff was fixed at varying amounts. Now, I think if we take these net earnings for the last year as a source of information in dealing with it now, we ought also to be free to take its earnings during that long period; and I am free to say that the thing that has puzzled me is why steel has been an article on which such extraordinary profits have been made—profits above every other industry in the world. I will ask you the question I asked Judge Gary.

Mr. CARNEGIE. Let me say this to you, that I have no interest in the United States Steel Company, because that is what you are getting at. I have not a dollar in it except bonds.

Mr. COCKRAN. I understand that.

Mr. CARNEGIE. And I have never bought a share of the stock; and I have never bought a share of stock on the New York Stock Exchange in my life, nor sold a share of stock on the New York Stock Exchange.

Mr. COCKRAN. I understand that. I am not getting at the stock value of this company; I do not care what its stock may be quoted at;

that is only one indication of its value, but I do want to get at what the actual profits have been.

Mr. CARNEGIE. I am very sorry you told me what your idea was. I would have referred you to the United States Steel Company. I am out of business now, and they have everything right there——

Mr. COCKRAN. But Judge Gary's position, it seems to me, in that respect is absolutely clear. Whatever it may have cost the steel company, he had to pay a good round sum for it when he got it. The United States Steel Company started with an investment, and a very large investment, in the Carnegie Steel Company. What I want to do is to go back and see what the Carnegie property came from; whether it did not come almost entirely from the results of profits left in the business. I am very frank to say to you that that is a very important factor in determining the result of the tariff, and I would have pursued that, and I would have tried to find out how many fortunes besides those you have referred to as having been taken out have been taken out and are now invested in bricks and mortar. I think that information would have been valuable; don't you think so?

Mr. CARNEGIE. No; I do not think that is for the committee at all. I do not see that that has any bearing on the subject. What bearing has it on the tariff question—what values parties are willing to buy property for?

Mr. COCKRAN. It shows the value of the property; and if the property itself is the result of tariff operations, it becomes of value in the inquiry. I will ask you another question, because it is——

Mr. CARNEGIE. I must refer you to the United States Steel Company.

Mr. COCKRAN. You will not give us any information yourself on that?

Mr. CARNEGIE. No; I will not go into that.

Mr. COCKRAN. All right. I want to ask you one more question. You have said a good deal here to-day as to the importance of this committee's regarding the interest of the person testifying, and I thought that was proper. I assume that you have no interest in any steel company of any kind except the bonds which you hold of the United States Steel Company?

Mr. CARNEGIE. That is quite true. I never was interested in anything but our own works.

Mr. COCKRAN. Now, passing from that question of profits, you stated this morning, I understood, that there has been a steady decrease in the cost of steel rails, and all steel, due to the improved methods since the steel business was organized in this country and to the scientific knowledge that the men have gained. Now, that steady decrease in the price of steel has been accompanied by an equally steady rise in the rate of wages, has it not?

Mr. CARNEGIE. What is that?

Mr. COCKRAN. The decrease in the price of steel as a commodity has been accompanied by an equally steady increase in the rate of wages, has it not?

Mr. CARNEGIE. I hardly think so. I would not be prepared to indorse that.

Mr. COCKRAN. Did you not say that the rate of wages, on the whole, has risen steadily since the steel business has been begun; that the men are getting more than ever now?

Mr. CARNEGIE. Certain specialists are getting more, as they prove themselves to be skillful, but I doubt whether the cost of labor has risen much.

Mr. COCKRAN. I do not mean the cost of labor as measured by its production, but I mean the daily rate of wages; has not that increased steadily? I think we have had almost a consensus of opinion on that.

Mr. CARNEGIE. Well, I think that wages are high now, the rate of wages; but I think we have had periods of depression. Wages have gone up and down.

Mr. COCKRAN. But I mean the general average. While the price of steel has been falling, the general average rate of wages has been increasing, has it not?

Mr. CARNEGIE. My opinion is that it has varied as business was brisk or dull. We have had a great boom in steel in the last five years, and there has been an increase in labor; but my recollection, as far as my recollection goes, we have had a depression, and I think labor did not advance.

Mr. COCKRAN. Then you do not think labor has advanced on the whole in the steel business during the last twenty years?

Mr. CARNEGIE. Well, it has as to experts.

Mr. COCKRAN. Oh, no; I mean the average rate of wages.

Mr. CARNEGIE. In day labor?

Mr. COCKRAN. Yes.

Mr. CARNEGIE. I do not think it has advanced much.

Mr. COCKRAN. You think it is just about the same?

Mr. CARNEGIE. There are periods when it has been so low, and there are periods when it has been higher. Now, we have had a great boom in steel——

Mr. COCKRAN. Take the last ten years; has the rate of wages increased?

Mr. CARNEGIE. In the last five or six years labor has advanced.

Mr. COCKRAN. And during that time the price of steel also has been about stationary, has it not?

Mr. CARNEGIE. Do you mean in the general business?

Mr. COCKRAN. Yes.

Mr. CARNEGIE. But we have ups and downs in prices.

Mr. COCKRAN. I understood Mr. Schwab to testify that wages had risen steadily; that the cost of wages, I think he said, increased from year to year. That is not your belief?

Mr. CARNEGIE. Well, Mr. Schwab is a better authority on labor than I am. I was not watching that and certainly he ought to be better authority, and I would not put my judgment there against his. That is in his department.

Mr. COCKRAN. Mr. Fordney asked you to-day that even if competition could be maintained with the foreigner in this country, he asked you if you would object to maintaining a tariff to make higher prices if labor would get the benefit of the higher prices. Do you think it possible for labor to get the benefit of artificial high prices?

Mr. CARNEGIE. No, sir.

Mr. COCKRAN. The effect of it is to reduce consumption?

Mr. CARNEGIE. I think employers would pay the price that they could get competent men for, and I think if business was dull they would not need new men, that some would be idle, and the cost of labor would fall.

Mr. DALZELL. Why should we go into all this academic discussion——

Mr. COCKRAN. I think Mr. Carnegie is able to answer these questions.

Mr. DALZELL. I think he is abundantly able to answer these academic questions——

Mr. CARNEGIE. If you will excuse me, you will make much better progress if you will tell me what you want to know.

Mr. COCKRAN. What I want to know——

Mr. CARNEGIE. You put a man here who has not been in business for seven years, and, naturally, his memory is not so good. Do you imagine that his memory can go back and fix dates? Dates are obliterated in my mind——

Mr. COCKRAN. I was not asking you about dates at all now. After I found your difficulty in remembering dates, I abandoned that.

Mr. CARNEGIE. Because you really must remember I have retired for seven years, and to call upon me unexpectedly to go back thirty or forty years, I am unable to do that.

Mr. COCKRAN. We have had our excursion into the past, and we have come back, with such information as we got.

Mr. CARNEGIE. Tell me what you want.

Mr. COCKRAN. I will ask you one more question, notwithstanding the objection of academic discussion. I understand you have given us as your opinion that putting steel on the free list would not in itself bring around much of a reduction in the cost to the consumer?

Mr. CARNEGIE. Yes; that is quite true.

Mr. COCKRAN. I think you said that of almost all steel products?

Mr. CARNEGIE. Yes, sir; yes.

Mr. COCKRAN. Your belief that they should be put on the free list is to prevent possibilities of exactions in the future?

Mr. CARNEGIE. Yes, sir.

Mr. COCKRAN. And also, I suppose, to make sure that the cost of production is reduced here, and so that the consumer will get the benefit?

Mr. CARNEGIE. I do not understand that.

Mr. COCKRAN. I say, if the product is on the free list, if there should be a reduction in the cost of production both here and abroad, then the native consumer would get the benefit of any economies anywhere in the world, would he not?

Mr. CARNEGIE. Certainly, as I understand your question. If there is any reduction——

Mr. COCKRAN. With steel on the free list——

Mr. CARNEGIE. Well——

Mr. COCKRAN. We would not only be protected against any arbitrary advance in this country, but against any arbitrary exaction——

Mr. CARNEGIE. I am glad you asked that.

Mr. COCKRAN. I want that clear.

Mr. CARNEGIE. My opinion is, and I have stated it over and over again, that if I did not think this was true I would not be prepared to favor no tariff, taking it all off at once. My opinion is that the

American steel industry is on such a foundation that even if the tariff were taken off I do not believe that any foreign steel rails or steel of any kind would come in here.

Mr. COCKRAN. I understand that. Your idea is that we can defeat competition all over the world upon our own shores. That is your belief?

Mr. CARNEGIE. Yes; my belief is that the steel makers of America who are properly equipped and manage their business well need not fear anything that producers abroad can do to affect their home market.

Mr. COCKRAN. So, with the goods on the free list, with this product on the free list, the native producer can hold his market if he improves his skill as much as the others—if he improves in his skill?

Mr. CARNEGIE. Yes.

Mr. COCKRAN. In other words, you put him to the improvement and development of his skill to maintain his market?

Mr. CARNEGIE. Yes; he would be more alert to improve than he would be if he could make a great profit under the tariff. That is human nature.

Mr. COCKRAN. That is all.

Mr. HILL. Just one subject I would like to clear up in my own mind.

So long as you were in business there was always free and open and keen competition, not only in rails, but in all other forms of steel products, was there not?

Mr. CARNEGIE. No.

Mr. HILL. Open competition in the market?

Mr. CARNEGIE. No; I could not say that. Wars would break out, and we would compete with each other, and then sometimes they would meet and agree to be at peace. Then trouble would break out again.

Mr. HILL. But there was no financial combination in any way that controlled it. If there was an agreement, it was simply an agreement such as men in the same industry often have now?

Mr. CARNEGIE. Yes, sir.

Mr. HILL. So far as financial combination, it was always free and open competition?

Mr. CARNEGIE. Yes, sir; each manufacturer stood upon his own basis.

Mr. HILL. Yes. Do you remember the price of steel rails the year you sold out, the year you sold your company out?

Mr. CARNEGIE. I am sorry to say I do not.

Mr. HILL. There has been a uniform price of $28 per ton for steel rails ever since, has there not?

Mr. CARNEGIE. Oh, you mean steel rails?

Mr. HILL. Yes. Do you not remember the price that year, before you sold out; you do not remember the price you were selling steel rails for then?

Mr. CARNEGIE. I do not remember whether the uniform price did not prevail then or not.

Mr. HILL. No; I think not.

Mr. CARNEGIE. I could not answer that.

Mr. HILL. The price has been uniform ever since. I wanted to know whether you knew that this agreement between the railroad

companies and the combination was a prerequisite to the formation of the combination.

Mr. Carnegie. I do not think it had the slightest influence.

Mr. Hill. You do not think it had?

Mr. Carnegie. Not the slightest bearing.

Mr. Hill. And you sold out and took the bonds of the combination?

Mr. Carnegie. Oh, no, no, no——

Mr. Hill. With the expectation that there was to be no uniform fixed price?

Mr. Carnegie. I knew nothing, as far as my memory serves me; that never entered into my thoughts. The combination on rails would not be an important factor with any man selling out or not selling out; it is only one form of steel.

Mr. Hill. Yes; but you will admit that the fixing of freight rates and the corresponding fixing of the price of rails would be a very important factor with reference to all other steel products, would it not, because the rates would apply just the same?

Mr. Carnegie. Oh, I see your point. I wish to say that I knew nothing about that arrangement between the railroads——

Mr. Hill. And the steel companies?

Mr. Carnegie. Yes, sir.

Mr. Hill. And do not know when it was made, of course, if you know nothing about it?

Mr. Carnegie. I knew nothing about it. Let me show you: We were western people at Pittsburg; and the Pennsylvania Steel Company and the Cambria Company, with its office at Philadelphia, they were the people that mostly conferred with the Pennsylvania Railroad Company, and we of the West heard of that agreement—the price fixed. Mr. Hill, I wish to assure you that I never heard it intimated that it was based on open rates in any way.

Mr. Hill. I think that was stated by a previous witness, but not by you.

Mr. Carnegie. I was no party to that agreement personally; I did not conduct it, but I did think it was a fair price. It did not strike me as unfair.

Mr. Dalzell. I want to ask you a question to see whether or not I understand your testimony.

Your opinion that steel can be put on the free list is not based on any figured cost, but on broad, general principles, taking into account that we do not import much steel, and we do export some steel, and taking into account also the great resources of the country and the business energy of our people. As I understand you, that is your position. Do I state it correctly?

Mr. Carnegie. Yes; that is true. There has been a general consensus of opinion among steel men that the tariff was a back number; I have heard the remark——

Mr. Dalzell. I thought I understood you, and I am glad to have you confirm my understanding.

The Chairman. I want to correct a false impression that my colleague, Mr. Cockran, got from a cursory examination of this report, the report made by Judge Gary. He spoke of the $160,964,000 of

the gross earnings, and then he read provisions for the following purposes:

"Sinking funds on bonds of subsidiary companies, $1,977,761.03, and so forth, leaving $133,244,929.28."

Now, if he had turned to page 7 of this report, he would have found out what those earnings were [reading from sixth annual report of the United States Steel Corporation for the fiscal year ended December 31, 1907]:

Earnings	$160,964,673.72
Less appropriations for the following purposes, viz:	
Sinking funds on bonds of subsidiary companies	1,977,761.03
Depreciation and extinguishment funds (regular provisions for the year)	6,681,746.03
Extraordinary replacement funds (regular provisions for the year)	15,560,237.38
Special replacement and improvement funds	3,500,000.00
Total (net earnings in the year the amount deducted.)	27,719,744.44
That makes net earnings in the year	133,244,929.28
Deduct interest on United States Steel Corporation bonds outstanding	22,860,352.82
Sinking funds on United States Steel Corporation bonds, viz:	
Installments	4,050,000.00
Interest on bonds and sinking funds	1,087,497.18
Leaving a balance of	105,247,079.28
Less charged off for various accounts and adjustments	681,515.52
Leaving a balance of	104,565,563.76

Which would seem to be the net profits for the year.

Now, on page 9 you find this memorandum: "The expenditures made by all companies during the year 1907 for maintenance and renewals, including the relining of blast furnaces, and for extraordinary replacements equaled the total sum of $55,828,253.12, an increase in comparison with the expenditures for the same purposes during the preceding year of $7,495,163.75, or 15.5 per cent. The expenditures in the year 1907 were the largest of any year in the organization's history. The annual expenditures since 1902 have been as follows:"

I will not stop to read those figures. "The entire amount of the foregoing expenditures was charged to current operating expenses and to replacement funds reserved from earnings. A statement showing the principal items of replacement and betterment comprehended in the total expenditures for extraordinary replacements is included in the statistical tables printed in this report."

So that the total replacement for that year amounted to $55,000,000. Instead of charging all over, they charged over $27,000,000, and the other they carried along to a future replacement account, it would seem, from that.

Now, the following table shows the amount of the expenditures made during the year for the above purposes by the respective groups of operating properties:

Expenditures for ordinary maintenance and repairs, including blast furnace relining, expended on manufacturing properties, the total, except blast furnace relining	$23,265,791.26
Blast furnace relining	1,481,975.08

Coal and coke properties	$1,527,545.74
Iron ore properties	438,110.56
Transportation properties:	
Railroads	7,863,446.76
Steamships and docks	740,458.53
Miscellaneous properties	195,340.39
Total expended in 1907	35,503,668.32

I want to get that in the record, and I want to show by you, Mr. Carnegie, if you will pay attention, that this was a proper charge against the income for the year and should be deducted before you get the profits per ton of the proceeds of the business.

Now, in the next column are shown extraordinary replacements. These expenditures were paid from funds provided from earnings to cover requirements of the character included in this report, and it says—see page 10—this same list of items foots up $20,324,584.80.

I want to get that in the record, so it can be seen just what the net profits of this corporation were, which will show that there was a profit of $10 a ton on the 10,000,000 tons of steel output instead of $15, as stated originally. That is all I desire at this time. I want to get at the exact truth in this case.

Mr. Carnegie. That is right.

Mr. Randell. It is developed, it developed this morning that some of the witnesses have testified that on the sales made abroad, the steel contracts, there was a loss; but on probing the matter they found it was a book loss, but an actual profit. Can you give us any enlightenment on what that means, where they have testified that there was a book loss, but an actual profit, in reference to foreign sales?

Mr. Carnegie. I can only imagine that they mean that it enabled them to run their mill. I do not know how many times they sent abroad at a loss. Was it a great number?

Mr. Randell. I do not know the amount, but would it mean that it was a book loss because they sold at a less price than they valued at here, but at the same time it was an actual profit because they got more than it cost them?

Mr. Carnegie. You had better ask a member of the steel company; I am unable to explain that.

Mr. Randell. Then, in reference to the export expenses that they claim they were put to now, special stress was laid upon one item especially, that the price of coal in the ground was so much more, a difference between $600 an acre and $3,000 an acre, making, as you calculate it, a difference of 30 cents in a ton of coke. That would be an extra cost in the manufacture of steel, would it not?

Mr. Carnegie. Yes.

Mr. Randell. I wanted to get your opinion on this matter. Is that extra expense, and all other extra expenses that you know anything of equal to the savings that have been made, such as utilization of gases, which they did not use before, and the using of slag, something which cost them something to remove before, and other matters of that kind, such as improved machinery; what relation would the cheapening of the product by these things have to the enhancing of its cost by the higher price of coal in the ground?

Mr. Carnegie. I should be happy to answer your question if I could. Now, let me say once more, the chairman has just read a report of figures, and a very long report. Can any human being

listening to him get an idea of the varying? It is impossible. Now, I must say this: To go into the details of a report and try to explain things, just on that statement, really I must be excused; I can not do it.

Mr. RANDELL. I will excuse you from anything of that kind. I did not mean to ask you that. I want to ask your idea on this proposition, simply, if you can give it, and that is, do these factors that operate to decrease the cost equal, in your opinion, or more than equal the factors that have tended to increase the cost of the production of steel in this country?

Mr. CARNEGIE. I am not prepared to give you an opinion on that.

Mr. RANDELL. Well——

Mr. CARNEGIE. All these improvements have reduced the price, have reduced the cost, but I wish again to call attention to this fact. You can not arrive at a just conclusion upon figures in a report. I have told you over and over that the costs are largely what this system of bookkeeping makes them.

The CHAIRMAN. You brought the figures in in this report, did you not, this morning? You alluded to them?

Mr. CARNEGIE. I alluded to the report, but I do not think I stated any figures, except I remembered the gross earnings were so much.

Mr. RANDELL. You have been questioned a long time, and I will not weary you with many questions, but I want a little information on just one or two matters. I want to get your opinion as to whether or not you think it important in this country to conserve and economize our natural supply of iron?

Mr. CARNEGIE. I have made a report on that to the Government, as to our iron resources.

Mr. RANDELL. Well, do you think it is a matter of importance that we should do so?

Mr. CARNEGIE. Certainly, but see what you mean exactly—to preserve them, you said?

Mr. RANDELL. To conserve and economize them.

Mr. CARNEGIE. Well, I do not think you can economize if you make more steel. Do you mean——

Mr. RANDELL. We should prevent waste at least.

Mr. CARNEGIE. Well, that goes without saying.

Mr. RANDELL. To be candid with you, the idea in my mind was to get your opinion as to the matter of economizing out natural resources, so important to this country at present.

Mr. CARNEGIE. Do you mean for to-day?

Mr. RANDELL. Well, with a proper idea of the future. We owe duties to the future as well as to the present?

Mr. CARNEGIE. Then my answer would depend upon your view of the future.

Mr. RANDELL. Looking forward to the next generation, say. Iron does not grow again I do not suppose. It will sometime give out.

Mr. CARNEGIE. That is the trouble. I think that the wants of this country should be met now, because there is a possibility that we shall find other fields of iron.

Mr. RANDELL. Yet you do not think there is any special necessity for economizing at present?

Mr. CARNEGIE. Economizing is such a vague word. I do not think it is right to waste a pound of anything.

Mr. RANDELL. Then you think the supply in this country such, and its location is such that the producers of steel in the United States have a natural advantage over the producers of steel in other countries, do you not?

Mr. CARNEGIE. Certainly I do.

Mr. RANDELL. They have a natural advantage?

Mr. CARNEGIE. Certainly, for the American market.

Mr. RANDELL. Of course they would not have an advantage in the markets of Germany against German producers?

Mr. CARNEGIE. No, sir.

Mr. RANDELL. They would have an advantage in the rest of the world where the steel was not produced, as I understand it.

Mr. CARNEGIE. I think so. Wait a moment—one moment. When you go to Europe with steel, the German and the Briton would have an advantage over us in the transportation to the eastern world, would they not? They are nearer than we are.

Mr. RANDELL. In other words, unless the other producers are nearer to the market the American producer would have the advantage?

Mr. CARNEGIE. Unless what?

Mr. RANDELL. Unless the other producers are nearer to the market—have an advantage geographically—the American producer would have the advantage?

Mr. CARNEGIE. Yes, but I do not think that the cost of a ton of steel rails or a ton of steel is much less with us than it is in Europe. I think they will be found very close together now.

Mr. RANDELL. For the American market we have a great advantage?

Mr. CARNEGIE. Yes, sir.

Mr. RANDELL. And for the Western Hemisphere, in fact, we have an advantage, do we not?

Mr. CARNEGIE. Yes, sir.

Mr. RANDELL. And we have an advantage as far as South America is concerned?

Mr. CARNEGIE. I think the cost of freight from Europe to South America might possibly be about as cheap as our rate of freight.

Mr. RANDELL. But is not that owing to the fact of artificial arrangements in reference to transportation and not any natural reason for it?

Mr. CARNEGIE. Well, the traffic between Europe and South America is much greater than ours, and a ship would want to load fully, and I think—I am not prepared to say that the manufacturer of Britain would not reach South America cheaper than we would.

Mr. RANDELL. Let me ask you in reference to armor plate. Do you think that the abolition of the tariff would have any effect on that?

Mr. CARNEGIE. Have we a tariff on armor plate?

Mr. RANDELL. My understanding is that it is about the same as steel rails, is it not, Mr. Chairman?

Mr. DALZELL. Armor plate is not specifically named; it comes in under the basket clause, 45 per cent ad valorem.

Mr. RANDELL. It is a higher per cent, then, than steel rails?

Mr. CARNEGIE. Oh, armor plate is between $300 and $400 a ton, and there is less money made on armor plate than there is on the same

capital invested in pig iron. I decline to go into armor plate. You know you keep a plate six months in a heating furnace——

Mr. RANDELL. Do you know whether there is any combination that affects the production of armor plate in this country?

Mr. CARNEGIE. No; I do not.

Mr. RANDELL. In reference to one matter I want to make my examination as short as I can, because I suppose you are weary——

Mr. CARNEGIE. Oh, no——

Mr. RANDELL. You said you thought it was fair that the company should receive $28 for steel rails because the railroads are willing for that, and it is an agreement between the consumer and the manufacturer. By the consumer I suppose you mean the railroad companies?

Mr. CARNEGIE. They are the only consumers of steel rails.

Mr. RANDELL. But, Mr. Carnegie, in your opinion, would not an arrangement between transportation companies and the manufacturers of steel rails and the general classes and kinds of steel that are used in structural works, and in the general business of the country, affecting the prices of the product necessary to be used by railroads, and in reference to prices of transportation—such an agreement as that between the transportation companies and the manufacturers would have a great effect upon the mass of consumers in this country, the general public, that have to use the transportation and have their goods carried over the rails of the transportation companies?

Mr. CARNEGIE. That is a very long question.

Mr. RANDELL. I know; but the gist of it is this: Would not a combination between the transportation companies and the manufacturers, no matter how satisfied they might be in reference to prices and rates, yet the public might be robbed by them in combination that way better than it could be if they were not in combination?

Mr. CARNEGIE. In other words, your question means that if the railroad companies and the steel manufacturers mutually agreed upon a price for rails?

Mr. RANDELL. Yes.

Mr. CARNEGIE. That it would——

Mr. RANDELL. Suppose they put the rails at $50 a ton, that would make it that much more expensive to build a railroad. Suppose the other arrangements between them, however, were satisfactory, so that the railroad company was able to pay $50 a ton for the steel rails that they now get for $28 a ton; that they had advantages in reference to rates that applied directly or indirectly to all rates, and therefore that the manufacturer would get a higher price by the consent of the carrier, and the carrier would get a higher price by consent of the steel companies, but the general consuming public would get the worst of it, is not that a fact?

Mr. CARNEGIE. I have stated that from everything I have heard and know, I think that arrangement with the railroad companies about steel rails is a very fair arrangement. I never heard that it was based upon any concessions in the rates.

Mr. RANDELL. I will ask you, then, do you not think it a dangerous situation when the steel manufacturers and the railroad com-

panies can make such arrangements and no one has the power to undo them?

Mr. CARNEGIE. The railroad companies and the steel companies are in the relation of a manufacturer and a seller, and the railroad companies are buyers.

Mr. RANDELL. Do you not think the general public is interested in that; because they must pay to the railroad companies, they must pay, in the way of rates that they give to the railroads, more money than is invested in the railroads, and the railroads charge up to the public the cost as a part of their investment?

Mr. CARNEGIE. Well, the varying of that is so slight, if it exists, the rails that a railroad company buys are not a very great thing. When the Pennsylvania Railroad buys for its whole system, of course that is a great thing, but I must say that I see no objection whatever, no connection between the general consumer of steel and any agreement made, mutual agreement, between the railroads and the steel company.

Mr. RANDELL. I am speaking of the effect it would have upon the general business of the country. Suppose they just doubled the price of rails; suppose they doubled the price of other things to correspond. It suits the producer of steel and iron. It suits the carrier of goods, and then each one is getting a higher price by mutual agreement?

Mr. CARNEGIE. Yes.

Mr. RANDELL. But somebody has to pay it. Now, is it not a fact that the general public has to pay that?

Mr. CARNEGIE. In reply to that, I wish to state again that it occurs to me—I have been interested in the matter—that when I heard of that I thought it was not an excessive price for steel rails—the price of $28 a ton.

Mr. RANDELL. But you spoke of it, that we ought to guard against the danger of these companies in the future, at some time, perhaps, using the tariff to levy a higher rate on the people than they otherwise could levy. Now, on that same line, do you not think it is not very dangerous to the public for the steel companies and the railroad companies to combine and agree in reference to the price of steel and the price of transportation?

Mr. CARNEGIE. Do you call that a combination, when the seller and buyer agree as to their price?

Mr. RANDELL. I think so, when it affects the general public, the public which has to pay the bills.

Mr. CARNEGIE. I can not agree with you. That is what takes place in every sale and purchase. I can not agree as far as I see that.

Mr. RANDELL. I wanted to get your idea.

Mr. CARNEGIE. I can not class that as a combination.

Mr. RANDELL. That is all, then, I think, Mr. Carnegie.

Mr. UNDERWOOD. We thank you for your presence here.

Mr. CARNEGIE. And I want to express my thanks to you.

Mr. CROZIER. As I am going to comment upon Mr. Carnegie's testimony, I will be glad to have him remain.

Mr. CARNEGIE. Certainly.

STATEMENT OF MR. ALFRED O. CROZIER, OF WILMINGTON, DEL.

(The witness was sworn by the chairman.)

Mr. CROZIER. Mr. Chairman, a portion of my statement, of course, will be my opinion and will be accepted as such.

I must say that I have been highly entertained to-day, but I have been very much reminded of a definition which I heard, and you have undoubtedly heard, that speech is the instrument with which men conceal their thoughts. However, during the testimony to-day I have been very much enlightened as to a point of view industrially that I did not suppose existed in the mind of the gentleman who has enlightened us upon the subject.

As his testimony is public, and as his article in a magazine was a public article, I assume that he has no objection to the plainest possible criticism of that article.

Mr. CARNEGIE. Not at all.

Mr. UNDERWOOD. Before you go on with your statement, will you state what business you are engaged in. Are you a manufacturer?

Mr. CROZIER. No, sir. With all due respect, I would say that I am the author of The Magnet, an industrial novel, and I am a lawyer and some other foolish things. I have no interest in any schedule or anything of that kind. It is purely a public matter with me.

Mr. CARNEGIE. I have been here all day long, and when the gentleman makes his speech I suppose it will be printed?

The CHAIRMAN. It will be printed.

Mr. CARNEGIE. And I will have the pleasure of reading it.

Mr. CROZIER. If it will be a pleasure——

The CHAIRMAN. The clerk will send you a copy of it, Mr. Carnegie.

Mr. CROZIER. I thought perhaps you would desire to correct some of my statements if you thought they were improper.

Mr. CARNEGIE. No; I will beg to be excused.

The CHAIRMAN. The clerk will send you a copy of Mr. Crozier's speech and you can reply in writing if you desire it, and send to the clerk what you have to say, and it will not be necessary for you to stay if you do not desire to.

Mr. CARNEGIE. I have been here all day and I am somewhat tired and I will read your criticism later, and then I will say, maybe, if it is against me, "What a pity that man does not know better," and if it is in favor of me I will say "What a wise young fellow that was." [Laughter.]

Mr. CROZIER. Mr. Carnegie, I have no doubt that you will say the former, that it is a pity that I am not better informed.

Mr. CARNEGIE. I do not want to have the pain of saying that to such a nice fellow, and it is well that he should remain for several days in the delusion that he is quite well up on the tariff question.

Mr. CROZIER. Possibly the delusion will be mutual. Anyway, I am glad to excuse you if you prefer to go.

Mr. CARNEGIE. Yes; because I can not reply to-night. I have been here all day. I did not want to treat anybody with discourtesy. I have tried the best I could to give you my opinions on this subject. I may be wrong, I may be right.

Mr. CROZIER. We will be friends anyway.

Mr. Chairman, I will try to get to the point and not detain you over twenty or thirty minutes at the most.

In a recent magazine article Andrew Carnegie dealt a severe blow to the entire protective tariff system. He has moved public opinion appreciably. He has kindled wide doubt as to the wisdom, necessity, and value of protection. His experience and knowledge of the subject and claim that he is a protectionist enabled him to do this. But he is no longer a protectionist in the American sense, for he says: "A tariff for protection, which was the issue forty years ago, should now give place to a tariff for revenue." He says the infant should be weaned from tariff milk and fed upon free competition.

Unfortunately, his article has created another impression among many. Mr. Carnegie invoked and obtained the Government's protective arm to hold back foreign competition during the whole time he was, with his genius, building up his industry from nothing to where he sold it for some $400,000,000. He took his pay largely in first mortgage bonds of the United States Steel Corporation. He is said to be the largest owner of that trust, deriving therefrom some $20,000,000 annually. Many believe now he is again invoking the Government's strong arm for his financial benefit or security. That he wants it to now tear down the tariff wall and admit foreign competition to help his trust ruin and destroy its weaker competitors and to frighten capital so that it will not start new industries to compete with the trust. This would leave his corporation forever in undisputed possession of the American field. This may not be his intention or desire, but it would be the effect. His proposition doubtless was innocent and philanthropic, but many think it looks thrifty.

It would seem that he used the Federal Government to wet nurse his weakling infant until it has become the greatest of all industrial giants, and instead of weaning it from the Government he now asks for a law that would kill off all of the other infants, big and little, so that his giant may have all the profit milk the monopolistic leech can suck, both from the producers and consumers of America. He would encourage race suicide, for his plan would automatically suffocate all industrial infants of the iron and steel variety as soon as they are born.

Judge Gary told you frankly and on oath that free trade would not injure the steel trust; that it could take care of itself. Its splendid organization, huge size, vast power, due to railroad, financial, and political alliances, make its position impregnable against every foe but one. Only by an endless-chain absorption or by enormous loss of profits through fierce competition and cutting of prices can it protect itself against the constant menace of new industries that are induced to spring up by the attraction of rich profits from the high range of prices the trust must maintain to pay dividends on its vast capitalization. This is so, unless Mr. Carnegie's plan of destroying the tariff can be used to frighten capital and prevent the starting of such plants, for no one would risk his money if he had to fight a big trust and also the duty-free products of cheap foreign labor.

If foreign competition became annoying, the trust could effectively retaliate abroad and ultimately bring about an international trust that could evade regulating and restraining laws and combine, for mutual defense and profit, the iron and steel producers of the world. It would then be practicable and possible for the daring genius of

high finance to reach its final goal—a universal monopoly of a human necessity that could, with high prices, extort excessive profits continuously and automatically from all mankind for the sole benefit of the few and gradually draining and weakening all people to a state tending toward final and helpless servitude. Wise statesmanship diverts at their source such evil currents.

Are antitrust laws justifiable? Is competition, such as contemplated by the common law for hundreds of years, wise? Is private monopoly abhorrent? Is it against public welfare to have control of all industry pass into the hands of a few men and ultimately come under the mastery of one human individual, crushing out all independent operators and forcing the entire citizenship into the hired service of one incorporated, soulless power? We are not drifting that way, but madly galloping.

If this be true, then there never was a time when the establishment of infant industries was more imperatively needed for the common good—not to develop the country, but to compete with the trusts, keep their prices down, and ward off the evil day of the annihilation of all competition, the establishment of complete monopoly, and perhaps a revolution started by the people in some desperate effort to free themselves from the powerful, concentrating, strangling incorporated clutch.

It is as important to the young man of to-day just starting in business life with courage, but without wealth, to have his little infant industry protected as it was for Mr. Carnegie when he was similarly situated. More so, for Mr. Carnegie was menaced only by the danger from abroad, as there were then no powerful trusts to fight him in the market here at home with all the effective means at their command, such as cheaper raw materials, better transportation accommodations and rates, lower interest charges, indirect duress upon purchasers, and the like.

Only the protective tariff can give him any chance and insure the starting of new plants to compete with the trusts and retain in the hands of the Government any effective power of regulation or control of combinations in restraint of trade. Destroy protection and thereafter our economic policies will not be controlled by our Government or its citizens, but largely by conditions abroad, over which we can have no effective control.

Perhaps I should have explained that I have no hostility toward corporations or wealth, no interest in any trust, no personal concern over any tariff schedule. My interest in this matter is only as an humble member of that large body of citizens who desire a good government that will perpetuate itself in the confidence and affections of all the people by adopting and executing policies that will insure to all, rich and poor alike, impartial equality before the law, industrial opportunity, and enjoyment of life, liberty, and the pursuit of happiness.

The tariff should be revised honestly, thoroughly, fearlessly, unselfishly. The people were promised and expect it. But they do not expect you to dump them out of the frying pan into the fire. They want readjustment with due regard to all the ultimate consequences to the welfare of the nation as a whole. It is a difficult task, but the people have confidence in your wisdom, caution, independence, impartiality, and patriotism.

Mr. Carnegie's enumeration of the objects of protection strangely omits the one great purpose of the policy, in fact, the one object which justified its adoption and won the popular support necessary to its continuance, namely, the welfare of American labor and agriculture.

If the protective tariff is abolished and the steel trust, for instance, becomes an international trust, its workmen will be at its mercy absolutely and always. And there is no certainty that its management will always be as wise respecting labor as it now is. If its employees here strike to prevent wage reduction or longer hours, the mills can be closed and the American market supplied from its mills abroad until its American workmen, their wives, and children are starved into submission. It will be comparatively easy to form kindred industries in different countries into international trusts, for capital and investment readily migrate anywhere in the world to the point of greatest profits consistent with safety. But it is not practicable to organize labor internationally.

The ultimate tendency of the policy of internationally consolidating industry, which removal of the tariff would hasten, will be to bring the wages paid to labor in all countries approximately to one common level. With the power of labor to protect itself by effective organization gone, and with human nature as it is, American wages would go down to the foreign level instead of foreign wages being advanced to the American standard. The trust would install American superintendents and improved machinery in its foreign mills. It doubtless would produce abroad with its cheaper labor exclusively if it could do so more cheaply, for the freight rate by water from Europe to the United States is less than it is by rail from Pittsburg to the seaboard. Inevitably wages here would ultimately be lowered or American mills closed altogether.

Marquis Ito, the distinguished Japanese economist, says the Chinese coolies can quickly be trained into the most docile and effective of skilled workmen in almost any kind of industry. There are tens of millions of these coolies ready to work for 10 cents a day. Capital is alive to its opportunity always, and China and Japan in time will rival this country in the number and size of its industries, largely owned by capitalists of this and other countries. There are hundreds of thousands of skilled workmen in Japan anxious to work for 30 cents a day. What is the use of laws excluding Asiatics for the protection of our labor if the tariff is to be removed and our trusts allowed to build great factories in Asia, managed by Americans, but employing cheap oriental labor, the products being shipped here duty free and sold at prices that will force American factories to close or reduce wages?

Already trusts producing oil, steel and iron, powder, tobacco, thread, and other products have taken steps looking toward world-wide control of prices—the first step toward the inevitable international trust.

It has been said that the protective tariff is the mother of trusts. Many good men believe this, but it is not true. However, it is the mother of industry, of that huge family of prosperous and growing industries that employ millions of American workmen, our citizens, at the highest average wages of all human history; and we are

proud of her for that reason. But she did not give birth to the great monopolistic monstrosities called trusts. She has mothered agriculture also, and helped create the best home market in all the world.

Excessive and ruinous competition during the years following the panic of 1893 supplied the incentive and industrial bargains that led to the formation of most American trusts. But the real mother of trusts was Wall street. Few would have ever been formed but for its machinations and exigencies. Clever promoters, who since the success of their schemes are called great financiers and bankers, obtained options on different plants in a given industry. Then they formed a huge corporation with almost an endless amount of stock, but relatively no money. They caused the board of dummy directors, consisting of their office boys and irresponsible clerks, to "buy" such options, paying therefor the entire capital stock of the company. All this was valueless unless they could find some way to sell it for real money.

First, they tried, and usually succeeded, to pay for the plants under option by issuing to the original owners a comparatively small portion of the stock of the new company. This was genius, of its kind; the promoters thereby acquiring control and management and a good portion of the title to a lot of going concerns. All this for nothing, by simply promising the owners that Wall street, with its canny powers and machinery for public deception, would hypnotize the public into believing that the plants were worth several times more than the original owners ever dreamed of, so the people would take their savings from the banks and buy the stocks of the new trust to an extent that would enable the original owners and the promoters to unload at fictitious prices and make a clean-up. The scheme worked, thanks to the wizard ways of Wall street. The stock exchange was the wholesale agency and the screen that hid the perpetrators from the despoiled people. This was the way the overnight multimillionaires were made. This was the way trusts were born. The tariff had nothing to do with it.

If it is true, as reported, that Mr. Carnegie was willing to sell for one hundred millions what he afterwards sold to the trust for about $400,000,000, he can not be blamed for driving a good bargain with the promoters even if the people must now pay for it. But it serves to illustrate the basis on which cost of production is now figured, and gives a glimpse inside at the vastness of the volume of trust securities on which the public are expected to supply the money to pay dividends by paying high prices for trust products. The trusts must maintain these high prices or default on interest or dividends. To do this they must have a substantial monopoly. This can be had only by buying up competing plants as fast as they get troublesome, or by crushing them with competition, unless the plan to abolish the tariff can be made to destroy their weaker competitors for them.

One of the prime objects of the promoters of the trusts is said to have been the furnishing of several billions of securities that could be listed and artificially manipulated daily by the insiders as chips on Wall street's great gaming table, where by means that would not be used by the most hardened of professional gamblers the people of the entire country are enticed and daily fleeced out of their earnings and their properties. The legislature refused to act, so Governor Hughes has appointed a private committee to investigate Wall street.

Their work will be more thorough and successful if the entire wronged country will promptly rise up and demand the abolition of margin gambling and usurious rates on call loans, the former exceeding in volume the value of all farm and manufactured products, the latter, with rates that often go up to 200 per cent, being the great magnet with which the money of the entire country is enticed away from legitimate business and into gambling uses.

In two years prices of stocks have fluctuated 40 to 150 per cent. An average drop of but 10 per cent on the entire market means a loss equal to all the money in circulation. Yet this is done continuously and artificially by the pools comprised of the same few men who have seized control of the big banks, insurance companies, railroads, trusts, and public currency, who create conditions that ruin the country with panics while they gamble away the prosperity of the nation. This situation is more important than the tariff question. It is dangerous to the public welfare. There is to be a finish fight between the masters of Wall street and the Government and the people of the United States.

Mr. UNDERWOOD. You understand that the jurisdiction of this committee is limited to revision of the tariff and the preparation of a tariff bill?

Mr. CROZIER. Yes.

Mr. UNDERWOOD. And that there are other committees of Congress that have the jurisdiction over those matters?

Mr. CROZIER. That is true, sir; but I want to show you that the organization and the watering of these trusts was to obtain a volume of securities which now amounts—the listed securities—to $25,000,000,000 that they could list, and by artificial means make the prices fluctuate up and down for their profit and the public's loss. We have seen stocks change in price during the last two years from 40 to 150 per cent—good railroad stocks.

Mr. BONYNGE. We have to confine our examination to the tariff question.

Mr. CROZIER. Perhaps I ought not to go off into that. I see the whole thing together, because the same men are doing that kind of business, and all they have to do is to change the market 10 per cent to cause somebody to lose all the money in the country. I see in this proposition a scheme to tear down the tariff wall for the purpose, by those same men, of destroying the independent producers in this country, and then forming international trusts to protect the trusts here against importations from abroad, and then they will have the workingmen of the world at their mercy, and they will have the consumers of the world at their mercy; and it is for that reason that I have alluded to the fact that all these lines run into the same office in the city of New York, in Wall street, and that is the power that I believe is behind this movement to destroy the tariff upon steel rails and steel products, and it is for that reason that I am here to oppose it.

Mr. Chairman, I will not trespass longer upon your time, because it is late. Thank you.

(At 6.05 o'clock p. m. the committee adjourned until to-morrow, Tuesday, December 22, 1908, at 9.30 o'clock a. m.)

APPENDIX.

SCHEDULE A.—CHEMICALS, OILS, AND PAINTS.

ACETIC ANHYDRIDE.

THE MONSANTO CHEMICAL WORKS, ST. LOUIS, MO., SUGGESTS TWO CENTS A POUND DUTY.

St. Louis, *December 16, 1908.*

Sereno E. Payne, Esq.,
Chairman Ways and Means Committee,
Washington, D. C.

Dear Sir: Our attention has been called to an amendment which, it is suggested, may be tacked onto Schedule A, paragraph 1, acids, which at present carry specific rates of duty, and which amendment we are informed reads:

> *Provided,* That no article classified for duty under this paragraph shall pay less than — per cent ad valorem.

As such amendment or provision would undoubtedly affect acetic anhydride, which was classified and held to be dutiable in Tariff Decision 26400 under the provision for acetic acid at 2 cents per pound, and as this product is used altogether as a raw material in chemical manufacture, as well as in other manufacturing industries, particularly in the manufacture of photo films, and, further, as this product is not yet manufactured in the United States we have taken the liberty of telegraphing you:

> Earnestly protest against proposed amendment Schedule A unless acetic acid anhydride be specifically enumerated at not over present specific duty, 2 cents pound. This product not now manufactured in United States and used chiefly as raw material in manufacture chemicals and similarly in other industries.

We might add that even if it is contemplated to manufacture acetic anhydride in the United States 2 cents per pound protection would seem to be ample and sufficient for any American manufacturer who would undertake the production of this article, for the reason that this country is the home of wood distillation and furnishes Europe with most of the acetate of lime, the raw material from which acetic
acid anhydride be specifically enumerated at not over present specific duty, 2

We trust our request for a specific duty on this product will meet with your kind consideration, and beg to remain,

Respectfully,

Monsanto Chemical Works,
Per Jno. F. Tullay, *President.*

BARYTES EARTH.

THE BECKTON CHEMICAL COMPANY, PHILADELPHIA, PA., SUBMITS SUPPLEMENTAL BRIEF RELATIVE TO BARYTES.

PHILADELPHIA, PA., *December 17, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: We wish to protest against an advance in duty on crude barytes earth or barium sulphate ore over present duty of 75 cents per long ton.

Crude barytes earth is the crude ore just as taken from the mines; is shipped in bulk from abroad, principally from Germany. About 15,000 tons are imported annually as a raw material for the manufacture of lithopone. We know of no other use for this ore, as it is too far offcolor to be manufactured into powdered barytes pigment.

Lithopone is a very opaque, nonpoisonous, white pigment, manufactured and used to a considerable extent abroad, especially in countries where the use of white lead is prohibited. Chemically it is a combination between barium sulphate and zinc sulphide.

The manufacture of lithopone in the United States is a growing industry, with considerable competition both among the several domestic manufacturers and from abroad.

With the present duty of only 1¼ cents per pound on the finished product, the ability of the American manufacturer to compete with foreign-produced lithopone depends upon his ability to obtain his principal raw material, crude barytes earth, at a reasonable cost.

American barytes deposits are situated in the South and Middle West, with prohibitive freight rates to the East. The American ores, on account of their physical nature and attendant chemical impurities, are not suited to the manufacture of lithopone. Our company, the first manufacturers of lithopone in this country, have never found an American ore from which lithopone could be manufactured to compete with the foreign product.

An increase in the tariff on the raw material, without a proportionate protective increase on the finished product, would destroy the lithopone industry of this country.

We petition, therefore, that the duty on crude manufactured barytes earth suitable for lithopone manufacture be entirely removed, or at least not advanced beyond the present tariff.

Very truly, yours,

BECKTON CHEMICAL COMPANY,
By R. S. HABBARD, *President.*

WILLIAM D. GILMAN COMPANY, SWEETWATER, TENN., WISHES A PROTECTIVE DUTY ON BARYTES.

SWEETWATER, TENN., *December 17, 1908.*

CHAIRMAN COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: I beg leave to call your attention to some misstatements in some of the protests against an increase in duty on barytes ore,

paragraph No. 44, made to your honorable committee. First, J. W. Coulston & Co., who are importers of barytes and not manufacturers. These parties state the imports of crude barytes ore for the fiscal year 1907 as being 6,000 tons. The United States Government report for that year gives the importation of barytes ore as 20,544 tons. (See The Production of Barytes in 1907, U. S. Geol. Surv., p. 11.) Such a statement, to use their own words, seems "wild of the mark" and likely to mislead you. Also kindly note that they admit the freight on imported ore is only $2 per ton. As to their statement regarding the manufacture of lithopone, the opinion expressed is of no value, as they do not make it and so are not expert testimony. They would, of course, lose their profit if American ore was used instead of German.

Relative to the Beckton Chemical Company, otherwise Harrison Brothers Company (Incorporated), protest. The statement made that German barytes is "of a higher quality and more suitable to the manufacture of lithopone," is willfully untrue or made by some one entirely unfamiliar with the business of the Beckton Company, for the company has bough from me many thousands of tons of American ore, and the statements of the men in the factory to me were that it was easy to burn and gave better results than German ore, which was lower in price. I have in my possession analysis of American ore made by the head chemist of Harrison Brothers Company (Incorporated) showing the highest possible purity. "Lest we forget."

Relative to brief of "certain users of barytes," names not given. This statement is evidently the production of "some literary fellow" with no knowledge of the barytes mining or how the ore is found in the ground. His talk about mining with a steam shovel shows that he does not know what he is talking about. I am glad to see that he at least admits we have plenty of ore in the United States, but can not follow his reason why the natural resources of our country should not be opened up and developed.

Ridicule is not argument, nor can it avail with your committee to attempt to locate in Washington County, Mo., a business carried on in six States, with an investment of over $3,000,000, and quite able to supply abundant good crude material at a fair price, really no more than is paid by the German manufacturer of lithopone for ore in his home market, from whom these gentlemen (who would have to go out of business, they say, if we had a duty of $5 per ton on ore) are now protected by a duty of $25 per ton. The sympathy expressed for the American people for having to pay an advanced price for lithopone on account of an advanced price in ore is as unusual as it is commendable. As for the loss of $15,000 to $20,000 to the United States on crude ore, why not extend sympathy to the Government for the loss on 15,000 tons of lithopone manufactured in this country on which no duty is paid? This would amount to $375,000 yearly. Yet we, the people, pay this to the American manufacturers of lithopone, and have thereby enabled them to develop an industry of which everybody who knows about it is justly proud. Lithopone sells for $100 to $150 per ton, as to quality. The increased cost of manufacture if a duty of $5 per ton was put on to barytes ore would amount to only $2 per ton of lithopone produced. As 700 pounds of roasted barytes are required to make a ton, is it at all likely that this would put them out of business or drive them to the poorhouse? Their business has been developed and fostered

by a duty. Why should not we, as free citizens of the same country, not have the same care for our welfare and advancement shown us? It is the case of the worm on the leaf complaining of too much life among his fellows in the dust. These gentlemen who manufacture lithopone are mostly large companies, ranging from $1,000,000 to $10,000,000 capital, and are able to present their claims to the committee by introducing highly paid experts who pleasantly blend facts and fiction to mislead you. For instance, they claim they can not use American ore; yet every one of the protests are made by parties who have used large quantities of our ore (with one exception), and we are selling several thousand tons yearly to large manufacturers who have not protested. This statement made by "certain users" is capable of being disproved in every point, and the motive is to mislead you. I inclose a statement showing the number of factories engaged in the manufacture of barytes; also estimate of the amount paid out for labor in the mines in 1907, as reported by the United States Government.

Yours, truly,

W. D. GILMAN,
For WM. D. GILMAN COMPANY.

EXHIBIT A.

Barytes factories in United States: Missouri 4, Illinois 1, Kentucky 3, North Carolina 1, Virginia 4, Tennessee 3, New York 1; total, 17 factories.

NOTE.—The New York factory is the smallest, and is owned by a company in Canada using ore from their mine; do not think it has been successful.

Amount paid for labor by miners and shippers of barytes: 1905, $148,803; 1906, $160,367; 1907, $291,777.

This shows a growing business with a healthy increase. The 89,621 tons mined in 1907 was 75 per cent of the amount used in the United States that year.

We have ample ore to supply all the home trade and our quality is equal to the best imported. The duty asked for will work no hardship to any user, but will tend, by giving a steady market, to open up new mines and enlarge the output of old ones. Competition will in time result in lower prices.

In 1907 there were imported into the United States barium compounds valued at $357,117. At least two factories are being put into position to manufacture these goods if protected by duty.

BICHROMATES AND YELLOW PRUSSIATE.

CARTER & SCATTERGOOD, PHILADELPHIA, STATE THAT REDUCTIONS IN DUTY WILL CRIPPLE THE INDUSTRY.

PHILADELPHIA, PA., *December 19, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Our attention has been directed to a communication sent under date of December 5 to your honorable committee by Messrs. A.

Klipstein & Co., of New York City, attacking the existing duties on bichromates of potash and soda and yellow prussiate of potash. Avoiding any reference to the causes which have been at work to produce the attack referred to, as we do not wish to burden your committee's attention with matter not properly germane, we beg leave as manufacturers of yellow prussiate of potash to call to your notice our former statement, that a reduction of 1 cent per pound from the present rate of duty will at once completely cripple the American industry.

We desire to call your attention to that paragraph of Messrs. Klipstein's letter which makes much of the point that yellow prussiate of potash at present enjoys a duty of 42 per cent—this being the relation between 4 cents per pound, the specific duty, and the cost in Great Britain. This we present to your committee is only so at this time on account of the extraordinary depression which the chemical trade abroad is feeling in common with America. When trade conditions are normal the duty automatically will drop as the price realized in Great Britain improves, returning to the figures which have averaged in the past five years of 30 per cent to 35 per cent. The price of the article in Germany to-day is practically the same as that in the United States.

It is perhaps unnecessary to remind your committee that the house of A. Klipstein & Co. are importers, representing interests abroad which are diametrically opposed to those of the American makers.

Very truly, yours,

CARTER & SCATTERGOOD.
CHARLES EVANS.

BICHROMATES OF POTASH AND SODA.

THE HENRY BOWER CHEMICAL MANUFACTURING COMPANY, PHILADELPHIA, SUBMITS SUPPLEMENTAL BRIEF.

PHILADELPHIA, PA., *December 18, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: Since I had the honor of appearing and testifying before your committee on the 10th day of November last, which was followed by the submission of a printed brief filed with you in behalf of the Henry Bower Chemical Manufacturing Company, your committee has received two communications which call for a reply.

In writing this I am impelled by a sense of duty not alone to myself and the trade interests which I represent, but particularly to your committee, so as to guard against serious misapprehensions by you and them of the real facts.

The first communication is that of C. J. Matthews, under date of November 19, 1908 (appearing on pp. 1991 and 1993 of first print No. 17), and signed by him as chairman of the chemical section, National Morocco Manufacturers' Association. It is observable that he is not a manufacturer of bichromates of potash or soda, and that he speaks without knowledge of that particular industry. His stand-

point is that of a consumer, and while he may be authorized by some to speak for leather and morocco manufacturers, yet it is known to me that his recommendations to your committee are opposed by many prominent houses in that line of industry to the extent that they have stated voluntarily that the present duties on bichromates form such a small proportion of the total cost of tanning as to play no important part in the question of reducing such cost, and are more than offset by the advantage of having the bichromates manufactured in America. This is the view of numerous practical manufacturers of leather and breaks the force of Mr. Matthews's representations in behalf of his own line of business.

Aside from this, he is a self-constituted pleader for paint and color manufacturers, the woolen manufacturers, the cotton manufacturers, the wall-paper manufacturers, and others, and I challenge his authority to speak for them.

Paint and color manufacturers do not ask to have the duties on bichromates lowered so long as the duties on paints and colors remain unchanged. The present duties are adjusted to existing conditions in their raw materials, among which are the bichromates of potash and soda. One can not be changed or varied without destroying the equitable situation of the other. As consumers of bichromates they are satisfied with existing conditions.

Likewise, among the manufacturers of woolens and of cotton print cloths, dyers of yarn, and wall-paper manufacturers the bichromates are raw materials. No accredited representative of these industries has asked for a reduction of these duties on the bichromates, because it is realized that a reduction would leave the consumers at the mercy of the foreign manufacturers, working together in combination, as they usually do. The well-known woolen manufacturers, William Wood & Co., of Philadelphia, write me to say that their house has authorized no one to recommend to the Committee on Ways and Means any change whatsoever in the duties on bichromate of potash or bichromate of soda. Mr. Wood says: "The present duties on these articles constitute a very small fraction of the total cost of our finished product, and we recognize that the advantage of having these materials manufactured in the United States is more than sufficient to offset any slight increase in the cost of our operations which may be due to the moderate duties now imposed on them." To the same effect are the letters of N. T. Folwell, of Folwell Brothers & Co., spinners and manufacturers, of Philadelphia; Globe Knitting Mills, of Norristown, Pa.; Knotair Hosiery Company, of Philadelphia, and Irma Knitting Mill, of Philadelphia, manufacturers of hosiery; Chester Enamelling Company, of Chester, Pa., manufacturers of patent leather; Lincoln Manufacturing Company, Chester, Pa., and Bellevue Mills, of Moorehead, Miss., and Burlington, N. C., cotton manufacturers; John & James Dobson, of Philadelphia, carpet manufacturers, copies of all of which I attach hereto in verification of my assertions.

Mr. Matthews writes in relief, as he says, of the consumers who are at the mercy of a monopoly, who, through this duty, has been able to pile up large profits to the detriment of such consumers, and at the same time has cut out, with the aid of this duty, competition of any sort. This is manifestly an absurd statement, as it does not square with the facts. There is no monopoly in the manufacture of the

bichromates either in America or in Europe, nor can there be. The processes of manufacture are old and far beyond the protection and possibilities of protection by patents by reason of their being matters of world-wide knowledge. The raw materials are plentiful and easily secured in both America and Europe, though much cheaper in Europe. To enter the field as a manufacturer, it is only requisite to have sufficient chemical knowledge, which may be gained from books and perseverance. Manufacturers have succeeded or failed as they have possessed or lacked these requisites.

The prices in America are absolutely at the mercy of the foreign manufacturers, who have one set of prices for "home" and another for "export."

The present duties enable the American manufacturers to operate with only reasonable profit and are far from prohibitive, as instanced by the imports brought in month after month from Great Britain and Germany regardless of what American prices may be.

These imports for the third quarter of 1908 are officially reported by the Treasury Department as 722,537 pounds bichromate of soda, while the American factories during the same period were operating at less than one-third of their capacity.

In view of the facts stated any effort to create a monopoly would fail. Buyers are not coerced; trade is not restrained; an effort has been made, and very properly as well as lawfully, to meet, in an intelligent and practical manner, the conditions of foreign competition, without disadvantage to the consumers.

Our present protection of 3 cents per pound on the bichromate of potash and 2 cents per pound on bichromate of soda is only compensatory to our entire costs of materials, apparatus, capital, and particularly labor.

Mr. Matthews gives a misleading account of the history of the trade, due doubtless to ignorance of a business which he does not understand and with which he is not connected. There has been, and there is, no shadow of control or combination between Europe and America on either hand.

While the so-called "Wilson tariff" was in existence, shipments of bichromates came from Europe to the United States in such quantities and were sold at such low prices that the industry was only saved from complete extinction by the employment of the heroic measure of exporting without concerted action by the Americans, and a capture thereby of a portion of the British market, at an enormous loss on every pound thus sold. This course finally induced the Europeans to curtail shipments to this side to about the usual annual quantities, and enabled the American manufacturers to again sell their products at home. This was no control or combination, but was an expensive war, which called for both high courage and much capital.

Mr. Matthews is again misleading when he writes that extensive profits have been "piled up" by the American bichromate manufacturers to the detriment of the consumers. He has no knowledge or means of knowledge concerning the results of the manufacturers' operations. In justice to the interests which I represent, I can not, for obvious reasons, enter into the details of manufacturing costs in this communication. I can assure you, however, that no inordinate

profits are possible under present conditions and that the earnings yield only fair returns on the large investment of capital.

The relative amounts of capital invested in bichromate making and morocco manufacture have no bearing on the question of what duties are necessary for the protection of either industry. The enormous growth of the morocco industry has been rendered possible not only by protective duties but by the additional protection of the Schultz patent for tanning with the bichromates. This double protection has placed morocco manufacturers in position to stand safely against foreign competition and to even export their products profitably, whereas the bichromate industry has had no patents to protect it and no means of withstanding its European competition beyond the moderately protective duties it enjoys, coupled with sufficient mechanical ingenuity to keep costs of manufacture at such a point as to enable the few manufacturers who have survived the attacks of the European manufacturers to continue to operate their factories.

For further criticism of Mr. Matthews's letter, I beg to call your attention to the reply of the Mutual Chemical Company of America, appearing under date of December 1, 1908.

I turn now to a communication from A. Klipstein & Co. to your committee, under date of December 3, 1908, and appearing on pages 3847–3850 of First Print, No. 27.

It starts out with the entirely inaccurate historical statement that bichromate of potash has enjoyed protection for more than one hundred years. As the bichromate industry was not started in the United States and no factory existed there until 1845, all that is so laboriously stated as to the tariffs from 1789 to that date may be absolutely discarded.

The effect of the establishment of the industry in the United States is plainly shown in the course of prices appearing in the table printed in the report by Mr. Aldrich, of the Committee on Finance of the Senate, on "Wholesale Prices, Wages, and Transportation," dated March 3, 1893, pages 247–248. The table, which is lengthy, shows that the price for bichromate of potash in 1845 was 20 cents per pound, and in 1891, 9¾ cents per pound. The price to-day is 8½ cents per pound. The course of the price of bichromate of soda is not officially reported. It is uniformly, however, 2 cents per pound lower than that of bichromate of potash, owing to the cheaper base salt used. This decline of prices would demonstrate, I submit, that American consumers have benefited by the establishment and continuous operation of the industry.

As to whether the present duties are necessary to the existence of the factories that have survived the domestic and foreign competition, it should suffice to point out that shipments from Europe have never ceased, whether duties have been high or low, as the official statistics before you will show. They have come along regularly, only varying in quantity as the surplus in Europe has been large or small. The Government has, of course, largely benefited in revenue by the duties collected and will continue to be benefited in similar measure, if the present duties are left unchanged, for it is plainly the fact that they are far from prohibitive. The duties confer the double benefit of protection to the American manufacturers and source of revenue for the Government.

What price will be realized in selling their products in America appears never to enter into the calculations of the foreign manufacturers. If they have a surplus they dump it in the United States regardless of net returns, while maintaining values at "home," as they now do, at about 40 per cent above their price for export to the United States.

I again urge upon your committee, as I did on November 10, that the duties in the tariff bill be left unchanged as follows: Potash, bichromate of, paragraph 62, 3 cents per pound; soda, bichromate of, paragraph 74, 2 cents per pound.

To aid the committee to an understanding of the spirit in which Klipstein & Co.'s letter is written, it is proper to remark that Messrs. Klipstein & Co. are sales agents in the United States of Chemische Fabrik Griesheim, of Frankfort-on-the Main, Germany, who are among the largest manufacturers of bichromate of soda, and who are now most aggressive in their competition with the domestic manufacturers in the United States market through the agency of A. Klipstein & Co. In advocating lower duties on the bichromates, these agents are seeking to extend the business of their German principals at the expense of the American manufacturers.

It may also be remarked that Klipstein & Co.'s references to Baltimore and Philadelphia manufacturers can be best appreciated when it is stated that in the years 1906 and 1907 Klipstein & Co. were acting as agents for the sale of certain products of the Henry Bower Chemical Company, under contract. This agency was withdrawn because Klipstein & Co. broke their contract and for no other reason.

Should it become at all important to test the spirit in which Klipstein & Co.'s letter was written, a reference to the records of the courts of Philadelphia County can be readily made.

I remain, very respectfully, yours,

HENRY BOWER CHEMICAL MFG. CO.,
GEORGE R. BOWER, *President.*

EXHIBIT A.

WEST PHILADELPHIA, *December 17, 1908.*

HENRY BOWER CHEMICAL MANUFACTURING COMPANY,
Philadelphia, Pa.

GENTLEMEN: The articles bichromate of potash or soda and yellow prussiate of potash are used in such small quantities compared to 100 pounds of cotton goods dyed that it would not be worth while to calculate it in the cost of manufacture of hosiery.

We use 1½ to 2 pounds to the 100 pounds of cotton fabric, and when this is calculated on the cost per pair of hosiery weighing from 1 to 1½ pounds per dozen, you can readily see that the cost of bichromate per pair of hosiery would be something like this, 0.000025 cent per pair.

We have authorized no one to recommend to the Ways and Means Committee at Washington advocating the change in duty on these articles, as we realize it is to our advantage to have these materials manufactured in this country and not be dependent on European

manufacturers only. On this account alone we are willing that the duty on bichromate of potash or soda and yellow prussiate of potash remain unchanged.

Yours, truly,

KNOTAIR HOSIERY CO.,
JOHN W. MILLER, *Treasurer.*

EXHIBIT B.

WEST PHILADELPHIA, *December 17, 1908.*

HENRY BOWER CHEMICAL MANUFACTURING COMPANY,
Philadelphia, Pa.

GENTLEMEN: We have not given anyone permission to use our name in recommending to the Ways and Means Committee at Washington a change of duties on bichromate of potash or soda and yellow prussiate of potash.

These articles are used in dyeing, and the quantity used to the 100 pounds of cotton hosiery is so small it can scarcely be accounted for in the cost of the hosiery, viz:

Two pounds of bichromate of soda at 2 cents per pound duty equals 4 cents. This is used on 100 pounds of men's hosiery weighing three-fourths of a pound per dozen, which equals 133 dozen of 12 pair equals 1,596 pair, divided into 4 cents is so small that we can not see at all why anyone should waste their time trying to have this duty removed. On the other hand, the convenience of having these materials made in this country is worth considerable more to the consumer than the duty.

Yours, truly,

MILLER & SONS CO.,
CHARLES R. MILLER,
General Manager.

EXHIBIT C.

CHESTER, PA., *December 15, 1908.*

HENRY BOWER CHEMICAL MANUFACTURING COMPANY,
Philadelphia, Pa.

GENTLEMEN: In reply to your inquiry I beg leave to say that my house has authorized no one to recommend to the Committee on Ways and Means now sitting at Washington any change whatsoever in the duties on bichromate of potash or soda or prussiate of potash.

The present duties on these articles constitute a very small fraction of the total cost of our finished product, and we recognize that the advantage of having these materials manufactured in the United States is more than sufficient to offset any slight increase in the cost of our operations which may be due to the moderate duties now imposed on them.

Yours, very truly,

CHESTER ENAMELING CO.,
A. W. THOMPSON, *President.*

EXHIBIT D.

PHILADELPHIA, PA., *December 17, 1908.*

HENRY BOWER CHEMICAL MANUFACTURING COMPANY,
Philadelphia.

GENTLEMEN: Replying to your inquiry, I beg leave to say that our company has authorized no one to recommend to the Committee on Ways and Means, now sitting in Washington, any change whatsoever in the duties on bichromate of potash, bicarbonate of soda, or prussiate of potash.

We feel that the present duties on these articles constitute a very small fraction of the total cost of our finished product, and we recognize that the advantage of having these materials manufactured in the United States is far more than sufficient to offset any great increase in the cost of our operations which may be due to the moderate duties now imposed on them.

Yours, truly,
LINCOLN MANUFACTURING CO.,
T. ASHBY BLYTHE, *President.*

EXHIBIT E.

PHILADELPHIA, *December 17, 1908.*

HENRY BOWER CHEMICAL MANUFACTURING CO.,
Twenty-ninth street and Grays Ferry road,
Philadelphia, Pa.

GENTLEMEN: Replying to your inquiry, we beg leave to say that our company has authorized no one to recommend to the Committee on Ways and Means, now sitting in Washington, any change whatsoever in the duties on bichromate of potash, bichromate of soda, or prussiate of potash.

We feel that the present duties on these articles constitute a very small fraction of the total cost of our finished product, and we recognize that the advantage of having these materials manufactured in the United States is far more than sufficient to offset any great increase in the cost of our operations which may be due to the moderate duties now imposed on them.

Yours, truly,
BELLEVUE MILLS CO.,
T. ASHBY BLYTHE, *Treasurer.*

EXHIBIT F.

PHILDELPHIA, *December 15, 1908.*

THE HENRY BOWER CHEMICAL MANUFACTURING CO.,
Philadelphia, Pa.

GENTLEMEN: In reply to your inquiry, I beg leave to say that our house has authorized no one to recommend to the Committee on Ways and Means, now sitting at Washington, any change whatsoever in the duties on bichromate of potash, bichromate of soda, or prussiate of potash.

Yours, truly,
JOHN & JAS. DOBSON.

EXHIBIT G.

PHILADELPHIA, *December 15, 1908.*

HENRY BOWER CHEMICAL MANUFACTURING CO.,
Philadelphia, Pa.

GENTLEMEN: In reply to your inquiry, I beg to say that our company has authorized no one to recommend to the Committee on Ways and Means, now sitting at Washington, any change whatsoever in the duties on bichromate of potash, bichromate of soda, or prussiate of potash.

The present duties on these articles constitute a very small fraction of the total cost of our finished product, and we recognize that the advantage of having these materials manufactured in the United States is more than sufficient to offset any slight increase in the cost of our operations which may be due to the moderate duties now imposed on them.

Truly, yours, N. T. FOLWELL, *President.*

EXHIBIT H.

NORRISTOWN, PA., *December 17, 1908.*

HENRY BOWER CHEMICAL MANUFACTURING COMPANY,
Philadelphia, Pa.

GENTLEMEN: In reply to your inquiry, I beg to say that our company has authorized no one to recommend to the Committee on Ways and Means, now sitting at Washington, any change whatsoever in the duties on bichromate of potash or soda or prussiate of potash.

The present duties on these articles constitute a very small fraction of the total cost of our finished product, and we are heartily in favor of sufficient duty to enable these articles to be manufactured in the United States.

Yours, respectfully. RAMBO & REGAR (INC.),
Per JOS. S. RAMBO, *President.*

THE WEBER LEATHER COMPANY, WEST LYNN, MASS., THINKS DUTY ON BICHROMATES SHOULD BE RETAINED.

WEST LYNN, MASS., *December 14, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We are users of bichromates in our tannery, and we beg to state for your information that the present cost of bichromate is very small when considered in comparison with other articles used in tanning, and we are confident that any saving made by reduction of duty on bichromates would not in itself be of sufficient importance to help in a reduction of cost in the manufacture of kid, as will be seen by the following figures:

We are paying 6½ cents per pound for bichromate of soda in crystal.

Three pounds bichromate of soda tan 100 pounds leather.

One hundred pounds leather measure about 300 feet.

One dozen Hankow (China) kid skins weigh about 20 pounds and measure about 60 feet of leather.

It takes 3 pounds bichromate of soda for 300 feet of leather; equals, at 6½ cents per pound, a cost of 19½ cents.

Therefore 5 dozen skins cost 19½ cents, or 3.9 cents per dozen; 300 feet leather cost 19½ cents, or 0.00065 cent per foot.

We are satisfied that the advantage of having bichromate manufactured in America will be more than sufficient to offset any slight increase in the cost of tanning which may be due to the moderate duties now imposed.

Yours, very truly,
WEBER LEATHER COMPANY,
By ALBERT A. WEBER, *Secretary.*

ANILINE COLORS.

J. F. SCHOELLKOPF, BUFFALO, N. Y., FILES SUPPLEMENTAL STATEMENT RELATIVE TO COAL-TAR COLORS.

BUFFALO, N. Y., *December 12, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: I have read with interest the briefs submitted by Zinkeisen & Co., the Barrett Manufacturing Company, and the Semet-Solvay Company.

As you know, I am not opposed to duties on the coal-tar products and preparations, providing a compensating increase can be granted on the coal-tar colors. If the duties on these products suggested by these firms should be granted, in order to be able to exist at all, we would have to have a duty on the coal-tar colors of at least 50 per cent ad valorem, instead of 40 per cent, as suggested in my brief. To make this plain to you, I need only tell you that if during 1907 we had been compelled to pay these suggested duties on the raw materials, our increased cost on this account alone would have been considerably over $32,000. If you will compare this increased cost with the profits we have been making during the last few years (as furnished you in confidence under date of November 17, 1908), you will see at once how quickly it would lead to bankruptcy on our part if we were compelled to pay this increase without having opportunity to increase our selling price on our finished products.

I must confess that I agree with a good deal of the statements made by these gentlemen, and there is no doubt whatever that if the tariff would be so arranged as to permit the building up of the coal-tar industry from the very foundation, it would be very desirable, indeed; but as stated above unless the duty on the coal-tar dyes and colors is increased to at least 50 per cent, the color manufacturers will not be able to buy any of these protected coal-tar products, and it would therefore be useless to manufacture. I doubt whether the suggestion made by the Semet-Solvay Company, that the duties on these products

be canceled if they are utilized to increase prices beyond those ruling at the present time, is a practical one. That is, I doubt whether such a suggestion can be incorporated in a tariff law so as to work no hardship to the manufacturers or consumers of these products.

When these paragraphs in which we are interested come up for final decision by the committee, I trust we shall be given another opportunity to appear before you, particularly if there is any question about adopting the wording as suggested by us.

Since my appearance before your committee on November 11, at which time I also submitted to you my brief, some other paragraphs in the present tariff in which we are interested, have been called to my attention, and I inclose you herewith a list of these paragraphs, which I have marked "Table EE," and on which you will find in one column the wording as it is in the present tariff, and in the second column the new wording or changes suggested.

Paragraph 1. You will notice that here we suggest that after the wording "salicylic acid," the word "medicinal" be added. Our idea is that this will allow salicylic acid, not medicinal, to come in under paragraph 524 free of duty under the wording suggested by us. We have been using this product in the manufacture of a certain color, and have only recently been compelled to reduce our selling price on this color to our actual cost in order to meet foreign competition. When we tell you that the 10 cents per pound duty on the salicylic acid increases the cost of this particular color 4 cents per pound over the foreign cost, you can readily see how impossible it is for us to manufacture this color at a profit with this prohibitory duty on the salicylic acid. In passing we may state that the 10-cent duty on salicylic acid at the present time amounts to about 75 per cent ad valorem.

I also beg to call your attention to the duty under paragraph 74, on bichromate of soda at 2 cents per pound. This high duty on this product compelled us to discontinue manufacturing a certain color over six months ago, as the imported color is sold in this market considerably under our cost to manufacture the same color.

I also beg to call your attention to paragraph 76, according to which nitrite of soda pays a duty of 2½ cents per pound. This duty amounts to between 40 and 50 per cent ad valorem, and I think is excessive for the reason that the raw material, nitrate soda, is not any more expensive here than in Europe. The other raw material used in making this product is metallic lead; and while this is more expensive than in Europe, it should not enter into the cost of the nitrite soda, for the reason that all of the lead is recovered, either as metallic lead or as oxide of lead.

It seems to us that both the manufacturers of bichromate soda and nitrite soda should be compelled to show the actual difference in cost of these products here and in Europe. We believe that 1 cent per pound is ample protection on both products, unless the domestic manufacturers can prove that a higher duty is necessary to give them proper protection.

Yours, respectfully, J. F. SCHOELLKOPF.

Table EE.

Present wording.	*New wording suggested.*
Paragraph 1. Acids, salicylic acid, 10 cents per pound.	We suggest that after the words "salicylic acid" the word "medicinal" be added.

FREE LIST.

Paragraph 464. Acids, benzoic, carbolic, phtalic.	No change suggested.
Paragraph 472. Aniline salts.	No change suggested.
Paragraph 626. Oils, aniline.	No change suggested.

Letters of similar purport to the above were received from the Donohue Brothers Leather Company, Lynn, Mass., and the Corona Kid Manufacturing Company, 95 South street, Boston, Mass.

THE MUTUAL CHEMICAL COMPANY, NEW YORK CITY, IN REPLY TO MESSRS. A. KLIPSTEIN & CO.

NEW YORK, *December 18, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Referring to the letter of December 3, from Messrs. A. Klipstein & Co. to your committee, relative to the duty on bichromates, we beg to submit the following information to controvert their statements:

The manufacture of bichromate of potash was founded in this country by Mr. Isaac Tyson, who established the Baltimore Chrome Works in 1845. Messrs. Klipstein & Co. have failed to call attention to the fact that the price of the article at that time was about 20 cents per pound; by 1895 it declined to 10 cents, and has since gradually fallen to 8⅝ cents. This decline has been brought about mainly by intense competition from domestic as well as foreign sources.

Bichromate of soda did not become an article of commerce until about 1885. In 1895 its price was about 8½ cents per pound, as compared with to-day's figure of 6½ cents.

Carbonate of potash, now on the free list, is referred to by Messrs. Klipstein & Co. as a factor in the cost of bichromate of potash. As a matter of fact, it does not enter into the manufacture at all.

The market prices abroad of bichromates are 5⅝ cents per pound for soda and 6⅝ cents per pound for potash. When, therefore, Messrs. Klipstein & Co. state that the duties of 2 cents and 3 cents per pound, respectively, are equivalent to 51 per cent ad valorem, this is true only of the low prices named by foreign makers, especially for export to this country. These export prices are about 30 per cent lower than those prevailing in their home markets. The prices quoted by us may be substantiated by reference to current trade publications, such as the Chemical Trade Journal and Chemical Engineer, of London, and the Chemiker Zeitung, of Germany. The import prices have been verified by the files of the custom-house covering this article.

The figure of 26 per cent average ad valorem rate has evidently

been obtained by dividing the total imports of chemicals, manufactured and unmanufactured, by the duties paid, and is therefore manifestly misleading.

The industry in which we are engaged is unprotected by basic patents, and therefore free to all. We have elsewhere called your attention to the fact that there are at least three companies engaged in the manufacture of bichromates in this country, and the statement that our business enjoys a monopoly is manifestly incorrect.

It is a fact well known to the trade that the protest of Messrs. A. Klipstein & Co. is due to personal animus openly and frequently expressed. Their principal business is the importation of chemicals made abroad, and the records will show that a large proportion of bichromates imported into this country have been brought in by them.

Yours, very truly,

MUTUAL CHEMICAL CO. OF AMERICA,
FREDERICK W. WHITE, *President.*

CAMPHOR.

MITSUI & CO., NEW YORK CITY, ACCOUNT FOR REDUCTION IN PRICE OF NATURAL CAMPHOR.

NEW YORK, *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives.

SIR: Our attention has lately been directed to letters addressed to your committee by the Arlington Company and by Messrs. Schering and Glatz, both of this city, in which these parties have freely asserted that the recent reduction in the price of crude natural camphor, which we extensively handle, was principally due to competition of synthetic camphor, and further stated that if there had not been this commodity the price of the natural crude camphor would have been higher. We desire to intimate to your honorable body that this assertion is quite erroneous, and is contrary to the actual fact.

We beg to state that not only the synthetic camphor can not be classed same as natural crude camphor, but, at the same time, the true reason of the movement of the natural camphor was regulated by the law of demand and supply, entirely independent from competition of other material. As your committee may probably be aware that the great financial disturbance during last several months has brought about a sudden fall in demand for camphor, and, aided by the rapid growth of the production of Chinese camphor, the price of camphor as a whole has considerably fallen off.

These are the actual facts that have taken place, and we thought it prudent to address you this letter in order to make it clearly known to you.

Most respectfully, yours,

MITSUI & CO.

CASTOR SEED, CASTOR OIL, AND ALIZARIN ASSISTANT.

THE MARSH OIL COMPANY, KANSAS CITY, MO., ASKS RETENTION OF PRESENT DUTIES ON THESE ARTICLES.

KANSAS CITY, MO., *December 17, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.:

We desire to call your attention to the castor seed, castor oil, and alizarin assistant tariff duties, and respectfully petition your committee in preparing your tariff bill to continue the same duties that are now in effect under the Dingley tariff bill of 1897, which in justice is due all of these articles. The tariff act of 1894, known as the Wilson-Gorman bill, made a serious reduction which for several years demoralized the industry and the business did not commence to improve until the Dingley bill went into effect.

The cut was so severe the manufacturers could only work about half time and even then the lower-grade stock of manufacture accumulated to such an extent it was a burden to take care of it. It could only be sold at a loss.

A large part of the second quality is used by alizarin assistant makers. The act of 1894 covering this article made it possible to import largely of alizarin assistant to the injury of American manufacturers who formerly supplied the castor oil for making these goods. It is very important that the phraseology of the alizarin assistant section remain as it is. It was drawn with great care and approved by government appraisers as the best wording to prevent evasion of the full duties that are due and should be collected by the Government. Under the act of 1894, while the duty was so low that the business was ruined, importers were evading the tariff by getting passed through the custom-house alizarin assistant as "soap, not otherwise provided for, 10 per cent."

This concern has been making castor oil here since 1886, and gives a number of men steady employment at good wages. From all we can learn we pay from 100 to 200 per cent more wages than is paid in foreign countries (Europe and India) for the same kind of work. The price of castor oil is as cheap in Kansas City at all times as at the Atlantic seaboard, so there is no complaint from the consumer of oil in this section.

For many years we crushed altogether the domestic bean grown in Missouri, Kansas, and Oklahoma. During the past few years not so many beans have been produced owing to the farmers going into other products. We have, however, introduced a change of seed by acclimatizing seed grown in a foreign country, thereby securing a much better yield per acre. By this means we hope to revive the castor-bean industry in the States above named. We are now using largely the foreign bean imported from India and Brazil. We pay a duty of 25 cents per bushel of 50 pounds, freight to Kansas City, and also a duty on all the articles used in the manufacture of castor oil which in addition to the high cost of labor compared with Europe and In-

dia where castor oil is manufactured makes the cost of manufacture extremely in excess of oil made abroad.

We are not familiar with the manufacturing cost abroad, therefore can not make a comparison for your honorable committee; but this we do know, that at the average market price for oil, less the freights, discounts, and brokerage, there is an apparent profit of about 11 per cent in the business, but that is subject to various contingencies that continually arise to lessen returns. We secure no profit whatever on the second quality after paying the usual freights, commission, and brokerage. We have very little sale for this quality in the West; has to be shipped east.

The per cent of protection is not excessive, as a refund is given to the Government of the duty on the castor bean, based on the oil in the bean. At the present time the price of oil is below the average; consequently the protection figures larger than when the price of foreign oil is much higher. Therefore, considering the smallness of the industry, the profits are only fair on the active capital employed and plant investment.

We work the bean for the oil, not for the by-product, which represents some 62 per cent of the bean worth very little, about $11 per ton at our factory.

In view of the conditions attaching to this industry, the domestic producer of the castor bean, the manufacturer, and the consumer, we feel that the present duties on castor seed, alizarin assistant, and castor oil (allied products) should be continued.

Yours, very respectfully,

MARSH OIL COMPANY.

CERAMIC COLORS.

THE ROESSLER & HASSLACHER CHEMICAL COMPANY, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF.

NEW YORK, *December 17, 1908.*

Mr. THOMAS J. DOHERTY,
Assistant Counsel, U. S. Treasury Department,
Washington, D. C.

DEAR SIR: With reference to the proper amendment of paragraph 54, tariff act of 1897, the interpretation of which has affected our ceramic colors, for the coming tariff revision so that the same will hold before the courts, after consulting with our works at Perth Amboy, we would advise you as follows:

Mr. Arthur Somers's proposition, as per his oral statement of November 11, given on page 76 of the tariff hearings, No. 2, that paragraph 54 be amended to read, "Containing at least 10 per cent of lead," that such a reconstruction of the paragraph is not a safeguard for either the interest of the United States or our interest as manufacturers of ceramic colors.

Besides, if no special paragraph is made covering the ceramic colors which we make, Mr. Somers's proposition would leave the question at which these ceramic colors may be dutiable in exactly the same muddle as it is at the present time, with every opportunity to enter the high-priced ceramic colors, which can well afford to be

assessed at a somewhat higher rate, at a very unreasonable rate of duty, and we as manufacturers might as well close our works.

For your further information, we would state with reference to paragraph 54 that in the act of 1897, unfortunately, an omission was made to repeat in the second instance vermilion red to cover the vermilionettes or imitation of vermilion reds, and it is our suggestion that the paragraph 54 be amended as paragraph 45 in the act of 1894 was worded, to wit:

Vermilion red not containing quicksilver but made of lead or containing lead, or water, ——— cents per pound.

Vermilion red not containing quicksilver but made of lead or containing lead ——— cents per pound.

We make this suggestion as the ceramic colors in some instances contain not only lead but zinc, which are added as a fluxing medium to make the same more fusible and spread the color. In some instances the lead contents is up to 45 per cent and the zinc 30 per cent. You will readily see, with the ceramic colors being worth up to $25 per pound and over, this would again open a controversy to try and pass the ceramic colors containing zinc, under paragraph 57, act of 1897, as dutiable at 1 cent per pound.

Since both the lead and zinc, as stated before, are only fluxing mediums, and the real color is imparted by a mixture of metallic oxides, same as used for fusible enamels, and for the rich color effects, gold, silver, and platinum enter extensively into the manufacture of the ceramic colors, the same in order to avoid any duty controversy ought to be properly classified, as proposed by us on November 10, which is given in the tariff hearings report on page 18:

Colors, color bodies, stains, glazes, enamels, and fluxes used or suitable to be used in the manufacture of ceramic, enameled, and glass articles, 30 per cent ad valorem.

We make this request as the metallic oxides which we import are very expensive, and as you are aware are dutiable according to paragraph 3, "All chemical compounds and salts are dutiable at 25 per cent ad valorem."

Further, the fluxing mediums which are used in the ceramic colors, we would state, have an ad valorem rate of duty as follows:

	Per cent.
Oxide of zinc	16.62
Red lead	56.97
Boracic acid	140.18
Borax	150.76

Leaving all other matters out of consideration, you will understand that, as the ceramic colors are used for decorating all high-class glass and china ware, the 30 per cent ad valorem rate of duty on the ceramic colors, which we ask, would in no way be a hardship to the consumer, since the consumption of the ceramic colors, in comparison with the paints and pigments, like vermilion red, is limited. Furthermore, the preference for foreign colors will always exist, and with the approximate imports estimated at $100,000 per year, would be a good source of revenue for the Government without injury to the ultimate consumer.

With kindest regards, we remain,

Very truly, yours,

THE ROESSLER & HASSLACHER CHEMICAL CO.,
LOUIS RUHL, *Assistant Secretary.*

CITRIC AND TARTARIC ACIDS.

E. J. BARRY, NEW YORK CITY, WISHES DUTIES REDUCED ON MORPHIA SULPHATE, CREAM OF TARTAR, AND ACIDS.

New York, *December 17, 1908.*

The Ways and Means Committee,
Washington, D. C.

Gentlemen: I desire to direct your attention to a few chemicals on which the duty is unnecessarily high, to the advantage of a very few manufacturers and the prejudice of thousands of consumers through the entire country.

Acid citric, paragraph 1, is taxed at the high duty of 7 cents per pound; it ought to be reduced to at least 3 cents or admitted free, on account of its extensive use; every one of over 40,000 druggists and manufacturers in this country are consumers of it, and in very liberal quantities (there are only two manufacturers in this country).

Morphia sulphate, paragraph 43, is dutiable at $1 per ounce—an absolutely prohibitive rate. Under the McKinley tariff this was taxed at 50 cents and was a source of revenue to the Government, that rate being favorable to limited importations; aside from this, there are only a few manufacturers in this country, and who appear to maintain a very uniform scale of prices (practically a monopoly). The trade is entitled to an "open market" in purchasing supplies of these articles, as well as a great number of other chemicals which are restricted in the same manner.

Cream of tartar, paragraph 6, at 6 cents per pound, and tartaric acid, paragraph 1, at 7 cents per pound, might well be reduced to at least 3 cents, with benefit to the consuming trade and increased revenue to the Government. I remain,

Yours, truly, E. J. Barry,
Proprietary Medicines and Drugs.

DRY WHITE LEAD.

Columbus, Ohio, *December 4, 1908.*

Hon. William H. Taft,
Hot Springs, Va.

Dear Sir:

* * * * * * *

In purchasing dry white lead, which carries a 40 per cent duty, there is a practical monopoly on the article in this country.

There is, practically speaking, but one place to purchase, and yet a protection of 40 per cent. We do not think this is fair and right.

We see statements in the paper that those who have anything to say should appear before the commission at Washington. A good many in the trade, having but the one place to purchase, feel cowed.

Yours, very respectfully,

The Hanna Paint Mfg. Co.,
By J. B. Hanna, *President.*

COCOANUT OIL.

HON. EDWIN DENBY, M. C., SUBMITS LETTER OF THE MICHIGAN SOAP WORKS, DETROIT, MICH., RELATIVE TO SOAP FATS.

DETROIT, MICH., *December 9, 1908.*

Hon. EDWIN DENBY, M. C.,
Washington, D. C.

DEAR SIR: It has come to our notice that there is a concerted effort being made to place a duty on cocoanut oil that is imported into this country, and we wish with other users to place before the proper authority our objection thereto.

It is utterly impossible in this (our home) country to raise cocoanuts in sufficient volume, and wholly improbable that they will ever be raised in sufficient quantity to make it of benefit to such an "infant" industry to have placed upon the imported article a duty in any sum whatever.

At the present time foreign vegetable oils exercise control over exorbitant prices for home vegetable oils and animal fats. We trust therefore that there will never be placed upon foreign vegetable oils a single mill of duty.

While we are writing you with regard to this we respectfully beg to call your attention to the advisability of allowing all foreign animal fats, properly inspected before leaving their point of shipment, to enter our ports free of duty. This would be of inestimable advantage to pressers of oil, manufacturers of soap, and the consumers of their products.

Yours, truly,

MICHIGAN SOAP WORKS,
Per C. W. PARSONS, *Secretary.*

EXTRACTS FOR TANNING.

W. W. SKIDDY, STAMFORD, CONN., FILES SUPPLEMENTAL BRIEF RELATIVE TO TANNING EXTRACTS.

STAMFORD, CONN., *December 4, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: A brief has been handed in, signed by Messrs. George A. Kerr and W. P. Stine, relating particularly to the chestnut manufacturers, and I desire to place at the same time a statement relative to the position taken by certain importers of tanning extracts.

Naturally we expect opposition from the importer of foreign goods, but the method of opposition by them so far seems to be stirring up, if possible, the tanners against us, appreciating very evidently that they are a much larger body than the importers, and therefore might have more influence and be utilized to pull the chestnuts for them out of the fire.

The two largest importers in this country are A. Klipstein & Co., of New York, with branches in the various cities, and Messrs. Marden, Orth & Hastings, of Boston, also with branches throughout the coun-

try. Messrs. Marden, Orth & Hastings have adopted the plan of using the trade papers to influence the tanners, and in the Hide and Leather, under date of Saturday, November 14, 1908, they make the following statement:

Many arguments have been advanced by American manufacturers against solid quebracho extract in favor of the liquid. We think the reason is that South America has been willing to sell the solid at such a low price that the American manufacturer can not compete, and if he meets the South American price would lose a very large amount of money. He has therefore been compelled to claim advantages for his liquid which some tanners, without investigating carefully, have been willing to accept and pay a much higher price per unit of tannin. In this manner the American manufacturer has been able to keep in the business. This is what we think.

In the same paper, issued Saturday, November 21, 1908, they say:

We congratulate ourselves and our South American manufacturers who have succeeded in making such a fine quality and allow us to sell it in America, duty paid at a price so low that our competitors are compelled to sell treated extracts and liquid extracts with fancy claims for which they charge fancy prices, in order to get a profit from their manufacture. When prices are low we are glad we are dealers and not manufacturers. Whether the price is 2 cents per pound or 6 cents per pound makes no difference to us.

It would seem to the American manufacturers of these extracts that they could not present stronger proof in showing why the foreign extracts are crowding out the home products than the admission of an importer that the American manufacturer can not compete at the present time with the foreign market without losing a very large amount of money. Messrs. A. Klipstein & Co. are also hoping to antagonize the tanners against the home extract manufacturers by sending them certain letters and statements with a copy of letter addressed to Hon. Sereno E. Payne under date of New York, November 13. We have an original set of these signed by Klipstein & Co. in our possession which follow this communication. [The letter and table referred to are printed with the communication of Messrs. A. Klipstein & Co.]

Quebracho extract, valonea extract, myrabolam extract, maymosa extract, and mangrove extract, mentioned by this firm, are the extracts that they represent. No statements made by them in relation to quebracho extracts deny the statement made by Mr. Skiddy, but on the contrary are admitted by their own figures.

About 1900 or 1901 the price of this imported article was, according to Mr. Klipstein's own statement, 5 cents per pound, New York duty paid, being 4½ cents per pound in bond; but as soon as the competition of the American manufacturers was felt the price was gradually reduced until it has reached and they are selling, according to their own statement, at 2½ cents per pound in bond. It does not cost any more to make this extract in the Argentine Republic to-day than it cost in 1900, so that before the American competition they were getting 4½ cents per pound in bond for an article that they are now selling for 2½ cents in bond and making money. Of course the removal of this American competition would enable them once more to get these large prices and would mean fortunes not only for the gentlemen who are the agents, but for the manufacturers in the Argentine. They state further in their documents that the manufacturers would add, according to their request, 1 cent per pound, viz, would make it 1 cent specific and 10 per cent ad valorem for the

solid, which equals, they say, 1½ cents per pound instead of one-half cent per pound as at present; but 10 per cent ad valorem on 2½ cents per pound, as they state they are selling, would be one-fourth cent per pound, making the total 1¼ cents instead of 1½ cents, or three-fourths of a cent more than at present.

If the request of the American manufacturers be granted and the extra three-fourths of 1 cent per pound (not 1 cent, according to statement of Messrs. Klipstein) be added to the average price quoted by Messrs. Klipstein of 3 cents average per pound, then the duty of 1¼ cents would make price 4¼ cents per pound, duty paid, which would then be three-fourths cent per pound less than they were willing to sell the same extract for with only one-half cent per pound duty prior to the American competition.

These gentlemen also seem to be very much interested in the protection and saving of the forests of the country, so much so that they felt it necessary to write to the Hon. Gifford Pinchot relative to this quebracho matter. Messrs. Klipstein would not endeavor to make this an important part of their reasoning without believing that quebracho extract did come seriously in competition with chestnut, oak, and hemlock extracts. But the unreasonableness of their statements have been fully shown up by the answer made by Messrs. Kerr and Stine.

Quite a number of the smaller manufacturing concerns of this article in the Argentine Republic have been purchased or taken in by the larger ones—this larger one being the Forestal Company, of which Messrs. Klipstein are the agents, and this company is owned and managed by a number of German and English capitalists.

It might not be amiss to state here that we have received within the last ten days information not only from Buenos Ayres, but from certain conversation in this country, that should the American manufacturers be forced out of the business, the Argentine factories would immediately unite and that there would be but one price and one distributing point or agent. The result can easily be imagined.

In addition to the manufacturers represented by Messrs. Kerr and Stine, I represent dyewood and tannin manufacturers situated in Rhode Island, Connecticut, New York, and Pennsylvania.

Without the duty asked for, we can not see, as stated by Messrs. Kerr and Stine, any way of continuing in the business, the stopping of which would mean the loss of many large and expensive factories as well as the loss of work by a very large number of men.

W. W. Skiddy.

Exhibit A.

Chicago, Ill., *November 27, 1908.*

Gentlemen: Kindly read carefully the attached correspondence relating to the proposed changes in the tariff on tanning materials.

If you can suggest any further to be done in the matter, please advise us immediately.

Yours, very truly,

A. Klipstein & Co.,
G. Wackenreuter,
Manager.

NEW YORK, *November 21, 1908.*

GENTLEMEN: It is probable that some change may be made in the duty on tanning extract in the approaching session of Congress. Some interests are seeking to have the duties advanced very considerably on materials like quebracho extract, while other interests will try to put all tanning materials on the free list.

We inclose herewith copy of a letter which we have written to the chairman of the Ways and Means Committee, and also the table of statistics referred to in that letter. These two documents will give you an idea of the relative importance of the various tanning materials which are now being imported or are likely to be imported in the near future.

You will see that the most important tanning extract, viz, quebracho extract, pays one-half cent per pound duty. The opposition is trying to have this changed to 1½ cents per pound in the new tariff, which would cost the tanning industry $1,344,000 yearly, in addition to the $672,000 yearly which they are now paying for duty.

You will also see that valonea extract, myrabolam extract, mimosa extract, etc., pay seven-eighths of a cent duty, while gambier and mangrove extract are free of duty. Mangrove extract gets in free, because it is wrongly called "cutch." Theoretically all these extracts should be put in the new tariff on the same basis as cutch and gambier; that is, in the free list, because none of the raw products, quebracho wood, myrabolam, valonea, etc., are grown in the United States. None of them can be grown here except mangrove, which grows in considerable quantities in Florida, and therefore any duty imposed protects no home product, but is simply a tax on American consumers.

The most illogical duty of all is the one-half cent per pound on quebracho extract, because, in order to make the extract here, the manufacturer is compelled to pay freight on 4 tons of wood in order to make 1 ton of extract. This, at actually existing freight rates, makes the freight charge on 1 pound of American-made extract at least 1½ cents, and possibly 2 cents, while the freight and duty together on a pound of extract made in the quabracho forest amounts to only 1 cent per pound or less. This additional freight cost on extract made here is paid by the tanner and goes to the benefit of English steamship owners. The Government gets no revenue. It is somewhat different with mangrove, myrabolams, and valonea, because it only requires from 1¼ to 1¾ tons of the raw material to make 1 ton of extract, and hence the freight loss is not so great.

We have said that theoretically all tanning extracts should be put on the free list, like cutch and gambier, but practically it may be advisable to levy a duty not exceeding 10 per cent on all tanning extracts, including cutch and gambier. Such a duty should be made specific, and not more than one-fourth cent per pound. Such a duty would yield the Government a very considerable revenue, at least $500,000 yearly. It would also enable the American extract manufacturer to produce extract here, especially myrabolam extract, valonea extract, mangrove extract, and would be a bearable tax on the tanner.

Whatever is done, all these tanning extracts should be treated exactly alike. All should be placed on the free list or all should pay the same duty, not over one-fourth cent per pound.

If you do not agree with our views, we would be glad to know your opinion. If you do agree with us, we would request you to send the inclosed statistics to your Congressman, to the Senators from your State, and to any other man you may know who is able to exert any influence in Washington, requesting them to use their effort and influence to have the tariff made to read as follows:

Free list.—All crude products and extracts of the same used chiefly for tanning leather, including cutch, gambier, myrabolams, myrabolam extract, quebracho wood, quebracho extract, mangrove bark, mangrove extract, valonea, valonea extract, mimosa bark, mimosa extract, divi-divi and its extract, hemlock bark, hemlock extract, ulmo bark and extract, legue bark and extract.

Or else make paragraph 22 read as follows:

There shall be levied, etc., on quebracho extract, mangrove extract, hemlock extract, myrabolam extract, valonea extract, mimosa extract, ulmo extract, and all other tanning extracts, including cutch and gambier, used chiefly for tanning leather, one-fourth cent per pound.

Kindly let us have your views in any case, and also let us know whether the conditions existing to-day in the tanning industry are the same as in 1897 or whether you are not now using a larger proportion of quebracho extract and other imported tanning materials. Should you require more copies of the inclosed documents, we will be glad to furnish same.

Yours, respectfully,

A. KLIPSTEIN & COMPANY,
E. C. KLIPSTEIN, *Treasurer.*

The present duty of one-half cent per pound on quebracho costs the tanning industry yearly $672,000, but brings in that much revenue to the Government. If the tariff should be so changed as to compel all quebracho extract to be made here, it would necessitate the importation of 240,000 tons of quebracho wood, the freight on which, from the woods to New York, is at least $8 per ton. The freight alone would cost the tanning industry yearly $1,920,000, and the Government would get no revenue. It would be incomparably cheaper for the tanners to buy the two American extract plants and convert them into something less costly to the country.

A. KLIPSTEIN & COMPANY,
E. C. KLIPSTEIN, *Treasurer.*

EXTRACT FROM STATEMENT PRESENTED NOVEMBER 10, 1908, BY MR. W. W. SKIDDY, PRESIDENT OF THE STAMFORD MANUFACTURING COMPANY, STAMFORD, CONN., BEFORE THE WAYS AND MEANS COMMITTEE AT WASHINGTON, ASKING A DUTY OF SEVEN-EIGHTHS CENT PER POUND ON LIQUID QUEBRACHO EXTRACT AND SEVEN-EIGHTHS CENT PER POUND, PLUS 10 PER CENT AD VALOREM, ON SOLID EXTRACT. THIS IS PRACTICALLY 1½ CENTS PER POUND ON SOLID QUEBRACHO EXTRACT.

In connection with quebracho extracts and decoctions, I would state that the liquor, as sold in this country, represents from 1½ to 2 tons of wood and the solid from 3 to 4 tons of wood, and that the freights, etc., do not vary materially with those on the logwood, namely, about $4 per ton. This difference on the liquid would make a difference of $4 per ton in favor of the importer and on the solid a difference of $12 per ton in favor of the importer.

The present duty is only one-half of 1 cent per pound, which amounts to $11.20 per ton, making in the liquid a difference in favor of the American manufacturer of only $7.20 per ton, but on the solid extract a difference in favor of the importer of 80 cents per ton.

I have already quoted a letter from our agent in the Argentine Republic (in my first statement), which shows that wages for ordinary or common labor in that country is $18 per month, or 70 cents per day: and if you compare this with wages in this country for the same labor, of $1.50 to $1.60, the average will show a difference of 120 per cent; and in the same letter our agent states that skilled labor is from 30 to 40 per cent less.

We would therefore ask that, in the first place, there be no discrimination in clause 22 and that the duty be fixed at seven-eighths of 1 cent per pound specific on this article, the same as others in the same paragraph, and that an additional ad valorem duty of 10 per cent be placed on all decoctions or extracts above the density of 28° Baumé.

As the difference is greater in labor in connection with quebracho than logwood, as between the foreign manufacturers and the American, it would take all of the seven-eighths of a cent per pound to cover the labor, and certainly this is sufficient reason why there should not be the distinction used as formerly at putting this article at one-half cent instead of seven-eighths.

The difference per pound in relation to freight, etc., on this article, as between the solids and the wood required to manufacture the same quantity, does, when figured out per pound for the extract as against the quantity of wood, amount to 0.00536 cent per pound; and therefore we would ask that exactly the same wording be used for this article as is proposed for the logwood and decoctions of other extracts, namely, that the specific duty be seven-eighths of 1 cent per pound, and that all decoctions or extracts above 28° Baumé density pay the additional rate of 10 per cent ad valorem.

HON. NATHAN W. HALE, M. C., SUBMITS LETTER OF C. E. LUCKY, OF KNOXVILLE, TENN., RELATIVE TO TANNING EXTRACTS.

KNOXVILLE, TENN., *December 14, 1908.*

Hon. NATHAN W. HALE, M. C.,
Washington, D. C.

MY DEAR SIR: A very important question affecting the tannic-acid people will come before the Committee on Ways and Means this week, probably Wednesday or Thursday, which, as you know, is holding daily sessions, hearing different persons upon the tariff scale. They will take up the tannic-acid question, as I understand, about Wednesday or Thursday of this week.

Within the last ten years there has been two or three million dollars invested in tannic-acid plants in east Tennessee. There is a plant at Newport, a plant here at Knoxville, run by the two Obernes (both of whom voted for you), a plant at Tellico Plains, Monroe County, and a plant at Bristol, Tenn. All of these plants are vitally interested in the protection given tannic acid and other leather-manufacturing acids. The Dingley tariff only levies an import duty of one-half cent per pound on foreign extracts, seven-eights cent per pound upon bark extracts, and five-eighths cent per pound upon other wood extracts. The importation of what is called "quebracho extract," subject to a duty of only one-half cent per pound, is now threatening and endangering all of the tannic-acid plants in Tennessee, North Carolina, Virginia, and West Virginia. This quebracho is from a tree grown in South America and is much richer in tanning qualities than either the chestnut or chestnut oak, and unless this duty of one-half cent per pound can be raised to 1 cent per pound every tannic-acid plant in this State will be endangered, and is now seriously affecting all of them. Germany gives her tannic-acid people a protective duty of 1¼ cents per pound, while, as before stated, ours have a protection of only one-half cent per pound.

You could not do anything that would strengthen you more in east Tennessee than to help these tannic-acid people, who will be in Washington Wednesday or Thursday. The manufacturers of tannic acid is almost all done south of the Ohio, and these southern people are wanting protection, which, I fear, the Democrats will not help them get. I hope you can help them before the Ways and Means Committee this week.

Yours, very truly, C. E. LUCKY.

CYRIL F. HERFORD, TELLICO PLAINS, TENN., ASKS FOR INCREASED PROTECTION FOR TANNINS.

TELLICO PLAINS, TENN., *December 18, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: I have been requested by the Tellico Extract Company, of this place, who manufacture tannic acid from native chestnut, to address a letter to you as to the question of what influence the industry has had on this particular section, etc. It may be proper to state that I am peculiarly conversant with the proposition, as my company has sold to this local factory some 20,000 acres of such stumpage as is used by them, and I personally was instrumental in their introduction to this section. Having already sold them the stumpage, we are personally not as much interested, from a pecuniary point of view, as if we were still trying to sell to them, but until the advent of this concern (with a very large investment) the situation as regards labor and use for this wood was that any kind of rough labor could be hired for from 75 cents to $1.25 per day, and to-day the same labor is in full demand at $1.50 minimum. The chief use for a great many old tracts of mountain lands, which have been cut over for saw stumpage, has been and is for chestnut by the cord for extract, and this is the same all over the mountains of eastern Tennessee. Nearly every small farmer and landowner has some small or scrub chestnut, which to-day has a market in addition to the uncut chestnut tracts, and while we are in favor of conservation of timber resources, yet to a practical owner the position of the extract business using chestnut is by no means the same as that of the owner of saw stumpage or large timber.

The chestnut grows up and reproduces itself once in every few years for extract purposes, and to-day the extract company are recutting on lands which they cut over five years ago, with about the same result.

We regard it as very important that sufficient protection should be afforded the users of this wood, particularly in competition with foreign producers, and the fact that most of these mountains have their value as producers mainly from chestnut and other timbers, and that most of the rough population here are to-day employed in various capacities in cutting, hauling, and getting out the wood, is a very practical question to our section.

Again, the same point of view is applicable to all other immediate sections where timber grows under the same conditions, and it must be remembered that the chestnut used and paid for is cut down to a very small size, as low as 4 inches. This of itself will explain why

so many farmers are dependent to a large extent on this industry who are not owners of large timber.

As regards the hemlock-bark part of the extract business, the argument is still stronger, as this bark would, when the trees are cut down for saw timber, go to waste unless peeled and used as a by-product for extract, and in this way is a direct saving of resources.

When the Tellico Extract Company first proposed coming in this section, the only employment was from sawmills and small mountain farms.

These mills cut only the large timber and very little chestnut. It was therefore apparent that a small owner could not look for more value from his mountain lands when the cream of his large saw timber was cut.

The completion of this plant and other kindred extract plants changed his situation by taking the small chestnut down to 4 inches, and giving employment in its delivery to the manufacturing point to numbers of hands.

This situation is apparently one that recurs once every five years, as it seems the average growth of small chestnut attains its size for this purpose every five years, and to anyone conversant with the mountain situation it is apparent that there are many lands that are either too steep or too poor to grow anything except such growths.

It is not necessary to multiply instances of these facts, but it is insisted that destructive competition in this industry would automatically shut off the means of employment and living, to say nothing of improved conditions, from thousands of poor people living in these hills, and with this statement of fact the foregoing is respectfully submitted.

Yours, truly, CYRIL F. HERFORD.

GROUND SUMAC.

CERTAIN IMPORTERS OF GROUND SICILY SUMAC WISH IT PUT UPON THE FREE LIST.

NEW YORK CITY, *December 17, 1908.*

Hon SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: We, the undersigned, respectfully represent that under paragraph 85 of the tariff act approved July 24, 1897, that Sicily sumac, ground, is dutiable at three-tenths of 1 cent per pound ($6.72 per ton of 2,240 pounds), and request that said duty be removed and ground sumac be placed on the free list.

We are importers and dealers in Sicily sumac. For tanning light-colored sheep leathers, Sicily sumac is indispensable. No substitute has ever been found which will produce the same results.

Formerly a large quantity of wild sumac was gathered in this country, particularly in Virginia, and ground there. During the past twenty years, however, the production has been falling off from year to year until to-day there is only one small mill in operation, where formerly there were at least ten or twelve. The production is surely not 10 per cent of the same amount produced twenty-five years ago, and probably 5 per cent would cover this.

During all this time Sicily sumac has been dutiable.

The combination of cultivation, soil, and climate gives sumac produced in Sicily certain properties that no other foreign sumac or Virginia sumac possesses. All efforts to use other foreign sumac than Sicily sumac have failed, and the uncultivated Virginia sumac has practically gone out of use.

We may add that during the past ten years Sicily sumac has varied in price, duty paid, landed here, from $35 per ton in 1897 up to $85 per ton of 2,240 pounds. To-day the price is $76 per ton, but notwithstanding the higher prices of Sicily sumac, Virginia sumac has steadily decreased in consumption year after year, thus showing that it can not fill the place or be considered a competitor of the foreign article.

Yours, very respectfully,

W. L. Montgomery Co.
Marden, Orth & Hatings.
F. E. Atteaux & Co. (Inc).
By F. E. Atteaux, *President.*
C. A. Spencer & Son.
Whittemore-Wright Co. Inc.).
R. A. Wright, *Vice-President.*

HON. WILLIAM S. BENNET, M. C., SUBMITS LETTER OF P. FREDERICK LENHART & SON, NEW YORK CITY.

New York, *December 17, 1908.*

Hon. William S. Bennet,
Seventeenth Congressional District,
New York, N. Y.

Sir: We respectfully state that we are tanners of sheepskins, both domestic and foreign, and believing that the duty assessed on ground sumac under the present tariff law is unnecessary, we ask that this article be placed on the free list.

Ground sumac is the only tanning material by which sheepskins can be tanned with the result of producing white and light-colored sheep leather, and the duty reflects directly on the tanning business as an unnecessary hardship, as ground sumac does not come into competition with any similar article produced in this country.

The shrub is cultivated in Sicily, and although formerly the American wild sumac was gathered largely, particularly in Virginia, and used in tanning goatskins, yet changes in the method of tanning have caused the use of other materials and the production of the domestic article has steadily decreased until to-day not one-tenth as much is produced as, say, twenty-five years ago, and yet the amount of foreign sumac imported for consumption has not relatively diminished.

Although the price of domestic sumac has been relatively only two-thirds that of the foreign article (duty paid), yet even under such a condition the use of the Virginia article has steadily decreased.

We earnestly request that you personally take the matter up.

Yours, truly,

Horace J. Arne,
For P. Fredk. Lenhart & Son.

HON. A. P. GARDNER, M. C., SUBMITS BRIEF OF PEABODY AND SALEM (MASS.) TANNERS.

PEABODY, MASS., *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The undersigned, members of the tanning industry of Peabody and Salem, Mass., respectfully request that paragraph 85, Schedule A, of the tariff act of July 24, 1897, now in force, be omitted from the tariff law now being framed by your committee. We append below, in brief, a few of the facts upon which the foregoing request is based.

First. American sumac is not and can not be used for the same purposes for which Sicily ground sumac is imported.

Second. The domestic production is so extremely small as to amount to practically nothing. Sumac is not cultivated for grinding in this country, merely being gathered as it happens to grow in the wild state.

Third. Notwithstanding the present duty of three-tenths of 1 cent per pound collected on foreign sumac, the domestic production has steadily decreased, until the supply to-day is 90 per cent less than was the case twenty years ago, and amounts to but a small fractional part of the quantity required by the tanning industry of the United States alone.

Fourth. The quality of the American sumac is so inferior as to render it unsuited for the requirements of the tanning trade.

Fifth. The present tax is unnecessary and burdensome, and constitutes a direct tribute levied upon an important American industry, the tanning of sheepskins.

Respectfully,

THE L. B. SOUTHWICK COMPANY,
By L. B. SOUTHWICK, *President.*
NATHAN H. POOR LEATHER CO.,
A. B. CLARK CO.,
A. B. CLARK, *President.*
GEORGE & BARRY LEATHER CO.,
RICHARD BARRY, *President.*
PETER SIM & SONS.
HELBNER LEA CO.,
A. P. THOMPSON,
P. R. GILL,
D. P. GILL, *Attorney.*
GEORGE CLARK,
JOSEPH M. LLOYD.
LITTLEFIELD LEATHER CO.,
S. S. LITTLEFIELD, *Treasurer.*
RICH'D CUNNINGHAM CO.
BESSE, OSBORN & ODELL (INC.),
J. E. OSBORN, *Treasurer.*
J. E. OSBORN & CO.

(Communications similar to the above were received from the following: R. Neumann & Co., 76 Duane street, New York City; Hess & Harburger, 65 Duane street, New York City; Veil & Eisendrath, 403 North Halstead street, Chicago, Ill.)

OLIVE OIL.

M. B. SNEVILY, NEW YORK CITY, FILES ADDITIONAL STATEMENT RELATIVE TO OLIVE OIL INDUSTRY.

NEW YORK, *December 14, 1908.*

Hon. S. E. PAYNE,
Chairman Ways and Means Committee.
Washington, D. C.

HONORABLE SIR: I beg to inclose herewith advertisement cut from the Journal of Commerce in the Commercial Bulletin of Wednesday, December 9, 1908, and would call your attention to the following facts:

As one of the many arguments to be advanced for the admission of olive oil for manufacturing purposes free of duty, at the present time manufacturers of castile soap in the United States are either obliged to operate at a loss or discontinue business, and quite a number are following the latter course. This is entirely due to the imposition of 40 cents per gallon duty under paragraph 626 on the commercial grades of olive oil that are required in the manufacture of castile soap. Unless the new tariff is so framed as to admit olive oil for manufacturing purposes free of duty, the millions of pounds of castile soap now manufactured in this country will be imported.

Yours, very truly,

M. B. SNEVILY,
OIL SEEDS COMPANY.

EXHIBIT A.

[The Journal of Commerce and Commercial Bulletin, December 9, 1908.]

Castile soap, imported: Existing conditions enable us to offer at logical prices the purest and best finished boiled olive-oil soaps. J. E. Athanassiades Sons, 71 Park place, New York City. Large producers and manufacturers also of commercial and high-grade olive oils.

PAINTS.

THE VAUGHAN PAINT COMPANY, CLEVELAND, OHIO, SUGGESTS NEW SCHEDULE OF RATES FOR PAINT MATERIALS.

CLEVELAND, OHIO, *December —, 1908.*

Hon. SERENO PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

SIR: Here below is a list of a few raw materials used principally by paint manufacturers. The rates in column No. 1 are the present rates of duty, those in column No. 2 are suggested by F. A. Reichard, and those in column No. 3 are the rates which we favor.

Respectfully,

THE VAUGHAN PAINT CO.,
T. S. V.

	No. 1.	No. 2.	No. 3.
Ocher and ochery earths, powdered, washed, or pulverized.	⅛ cent per pound..	Free..............	Free.
Sienna and sienna earths, powdered, washed, or pulverized.	⅛ cent per pound..	Free..............	Free.
Umber and umber earths, powdered, washed, or pulverized.	⅛ cent per pound..	Free..............	Free.
Orange mineral..............................	3⅜ cents per pound	1⅜ cents per pound	1 cent per pound.
Red lead....................................	2⅞ cents per pound	1 cent per pound..	½ cent per pound.
White lead, dry or in pulp................	2⅞ cents per pound	1 cent per pound..	½ cent per pound.
Zinc, oxide of, dry.........................	1 cent per pound..	Free..............	½ cent per pound.
Zinc, oxide of, ground in oil..............	1¾ cents per pound	1 cent per pound..	1 cent per pound.
Ultramarine blue, dry or in pulp or mixed with water.	3¾ cents per pound	20 per cent ad valorem.	5 per cent.
Oxide of iron, natural, crude, and levigated.	30 per cent ad valorem.	40 cents per ton...	½ cent per pound.
Oxide of iron, artificial..................	30 per cent ad valorem.	15 per cent ad valorem.	½ cent per pound.
Vermilion red, and colors containing quicksilver, dry or ground in oil or water.	10 cents per pound	5 cents per pound.	2 cents per pound.
Talc, powdered.............................	20 per cent ad valorem.	Free..............	5 per cent.
Sulphate of lime, ground.................	$2.25 per ton......	Free..............	5 per cent.
Clay, china or kaolin......................	$2.50 per ton......	10 per cent ad valorem.	5 per cent.

PRUSSIATE OF POTASH.

THE PENMAN LITTLEHALES CHEMICAL COMPANY, PARIS, CANADA, WISHES RETENTION OF PRESENT DUTY.

PARIS, CANADA, *December 15, 1908.*

Hon. SERENO E. PAYNE,
Chairman of Committee on Ways and Means,
Washington, D. C.

DEAR SIR: Our attention has been called to a communication addressed to your committee by Messrs. A. Klipstein & Co., dated New York, December 3, 1908, and printed in the Tariff Hearings, under date of Saturday, December 5, 1908.

We are very much surprised at the recommendation made by Messrs. A. Klipstein & Co. for lower duty on prussiate of potash, for the reason that they are our sales agents for the product of our factory at Syracuse, N. Y.; and we, as Messrs. A. Klipstein & Co.'s principals, have authorized no such recommendation. On the contrary, the present duty of 4 cents per pound is an absolute necessity if our works are to continue to operate in competition with the foreign-made prussiate.

We would refer you to the brief of The Henry Bower Chemical Manufacturing Company, filed with the committee on December 1, 1908, on pages 12 and 13 of which you will find their recommendations as to the duty on prussiate of potash, which we wish to indorse with all possible emphasis.

We would further state that in our opinion the domestic competition among the factories that have thus far survived the competition from Europe is sufficient to keep prices down to an equitable level for all consumers.

Yours, very truly,

THE PENMAN LITTLEHALES CHEMICAL CO. (LIMITED),
JOHN PENMAN, *President.*

QUEBRACHO WOOD.

A. KLIPSTEIN & CO., NEW YORK CITY, STATE THAT TANNERS WISH RASPED OR CHIPPED QUEBRACHO WOOD FREE.

NEW YORK, *December 19, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We have the honor to confirm telegram sent you to-day, reading as follows:

Are authorized by large tanning interests to request your committee to make quebracho wood in logs or rasped or chipped for use by tanners free of duty.

Since sending you our statement as to quebracho extract we have seen most of the tanners of the United States, and after careful consideration they have authorized us to request you to make quebracho wood in logs or rasped or chipped for tanners' use free of duty.

The object in making this request, as stated by them, is to put themselves in position to be independent of the extract makers, both in Argentina and in the United States.

In any manufacturing industry there is always risk of price variations and scarcity or accident to factories or possible combinations for putting up price, but by being able to import the wood rasped or ground suitable for use in tanneries they can overcome difficulty and render themselves more or less independent of extract manufacturers, whether in Argentina or in the United States.

We submit the above request to your kind consideration.

Yours, very truly,

A. KLIPSTEIN & COMPANY.
A. KLIPSTEIN, *President.*

REFINED CHALK.

THE HIGGINSON MANUFACTURING COMPANY, NEWBURGH, N. Y., ASKS FOR RETENTION OF PRESENT DUTY.

NEWBURGH, *December 4, 1908.*

Hon. SERENO E. PAYNE.
Chairman Ways and Means Committee,
Washington, D. C.

MY DEAR SIR: We understand that efforts are being made to have your committee, in the revision of the tariff now under way, to place refined chalk on the free list.

As one of the manufacturers of whiting, we wish to protest against this, and respectfully request the continuation of the present schedule on whiting and products of chalk.

Refined chalk is nothing more or less than whiting, and if placed on the free list would permit the importation of whiting of all grades free of duty, whiting being simply refined chalk. Such a course would be disastrous to the industry in this country, for the following reasons:

First. Crude chalk, from which whiting is manufactured, contains a large percentage of moisture, sand, and flint, which is eliminated

in the process of manufacture, and will average about 25 per cent; in other words, a ton of crude chalk imported into this country, after going through the process of manufacture, produces only three-quarters of a ton of whiting, 25 per cent being lost. The amount so lost the manufacturer in this country is obliged to pay for, both cost f. o. b. shipping point in England or France, from which countries the greater part of the crude chalk is imported, and the ocean freight on the same

Second. The difference in cost of labor in England and France, and in this country, coupled with the fact that the foreign producer could ship his manufactured goods to this country at virtually the same rate we are obliged to pay on the crude chalk, and without the loss of the 25 per cent referred to, would enable him to deliver his manufactured whiting in this country at a price with which the American manufacturer could not compete.

We would also respectfully petition your committee, in the framing of the new tariff act, to place crude chalk on the free list, as it is in the tariff act of 1897, now in force. There are no deposits of crude chalk in this country from which the manufacturers can draw their supply of raw material.

We trust the above will receive favorable consideration at your hands, and remain,

Respectfully, H. C. HIGGINSON, *President.*

HON. W. S. BENNET, M. C., FILES LETTER OF GEORGE W. GROTE, NEW YORK CITY, RELATIVE TO REFINED CHALK.

NEW YORK, *December 17, 1908.*

Hon. W. S. BENNET,
House of Representatives, Washington, D. C.

DEAR SIR: I beg to ask your attention as our Congressman in the district in which I reside to confer with the Ways and Means Committee and oppose the placing on the free list of refined chalk or any product of raw material, such as imported from the other side for the account of the manufacturers of this country.

Refined chalk is actually whiting, and if placed on the free list would allow free duty on all grades of whiting, which is simply refined chalk, and would be very disastrous for the manufacturers of this country.

We buy the crude chalk in ton lots imported to this country and, after going through a process of manufacture, a ton only produces about three-quarters of a ton, on account of the sand, moisture, and flint contained in the raw material.

This loss is stood by the manufacturer, and with the difference in cost of labor in England and France and in this country, together with the fact that the foreign producer could ship as manufactured goods to this country virtually at the same rate we are obliged to pay for the crude chalk, and without the percentage of loss referred to, it would enable them to send their manufactured whiting to this country at a price the American manufacturers could not compete with.

I would respectfully ask you to petition your committee in the framing of the new tariff act to place chalk on the free list as it is in the tariff act of 1897 now in force, as there are no deposits of chalk in this country from which the manufacturers can draw their supply of raw material.

Hoping you will give this matter your consideration, and appreciating the favor, I am,

Very respectfully, yours,

George W. Grote.

SULPHATE OF AMMONIA AND BASIC SLAG.

W. H. JORDAN, DIRECTOR NEW YORK AGRICULTURAL EXPERIMENT STATION, WRITES RELATIVE TO FERTILIZERS.

Geneva, N. Y., *December 19, 1908.*

Hon. Sereno E. Payne,

House of Representatives, Washington, D. C.

Dear Mr. Payne: I notice that a movement has started in favor of placing on the free list sulphate of ammonia and other materials, such as basic slag, that are used very largely for plant production. I sincerely trust this movement will meet with approval.

It seems to me an unwise policy and one that violates all business principles to tax the raw materials with which the farmer produces his crops. I recognize the fact, of course, that he should bear his part of the expense of supporting the Government, and that the encouragment of our manufacturing industries is indirectly of benefit to our farmers in creating a home market, at the same time it seems to me that a tax on certain plant foods, of which we produce not nearly enough in this country, very directly places more or less of a hardship upon the crop producer. Moreover, our free list is inconsistent in admitting guano and other manures and placing a tax on sulphate of ammonia, which is used chiefly by farmers and fertilizer manufacturers.

There is possibly a danger that placing sulphate of ammonia on the free list will result in more advantage to the fertilizer manufacturer than to the farmer. That will be a matter between the farmer and the manufacturer of his fertilizers.

Yours, truly,

W. H. Jordan,

Director New York Agricultural Experiment Station.

THE BOWKER FERTILIZER COMPANY, BOSTON, MASS., URGES REMOVAL OF DUTY FROM SULPHATE OF AMMONIA.

Boston, Mass., *December 17, 1908.*

Committee on Ways and Means,

Washington, D. C.

Gentlemen: Sulphate of ammonia is used in the arts, but chiefly by farmers and fertilizer manufacturers as a source of nitrogen for soil enrichment.

Duty.—Three-tenths of 1 per cent per pound equals $6 per ton; or 30 cents for each per cent of nitrogen, the article containing about 20 per cent of nitrogen. (See Schedule A, p. 5.)

Imported in 1907.—Thirty-two thousand six hundred and sixty-eight tons, chiefly from Great Britain; revenue received, $196,000.

Home production.—Estimated to be about 40,000 tons annually.

Home producers.—It is produced chiefly by the coke, steel, and gas manufacturers as a by-product. If there is any opposition to the removal of the duty, it should naturally come from these men. It also may come from the meat packers, who produce nitrogen in other competitive forms, but as a by-product.

Free list inconsistent.—This free list (p. 568) includes "guano, manures, and all substances used only for manure," but it does not include, as it should, sulphate of ammonia, basic slag, and land plaster. The tariff law is inconsistent touching sulphate of ammonia. It puts a duty on it as a chemical, but it can be imported in mixtures without duty, which, however, is not feasible.

Nitrogen.—All plant food, and particularly nitrogen in all its forms, should be included in the free list, especially sulphate of ammonia, which is the richest in nitrogen of the so-called "agricultural chemicals." It is, and should be, extensively used as a fertilizer.

Free list.—It will be observed that under paragraph 569 all substances which contain plant food are now admitted duty free, except sulphate of ammonia, basic slag, and land plaster (sometimes known as gypsum).

Needed elements.—The three needed elements of manures or fertilizers are nitrogen, phosphoric acid, and potash. These elements, in available forms, have been exhausted from most agricultural soils that have been farmed for any length of time, hence the need of manures or fertilizers.

Nitrogen is the most costly element of plant food, because relatively less abundant in available forms. It is commercially obtained from nitrate of soda, imported from Chile; nitrate of potash (saltpeter, crude), imported from India; and sulphate of ammonia, which is a by-product in the manufacture of coke and illuminating gas. Nitrogen is also obtained as a by-product from the wastes of slaughterhouses (dried blood and tankage), also from the wastes of fisheries, oilseed meals, etc.

Sulphate of ammonia is produced in this country by coke and steel manufacturers and city gas companies. It is also imported, chiefly from Great Britain. It is the richest in nitrogen of any of the so-called "agricultural chemicals," carrying 20 per cent of nitrogen. It is used by farmers directly on the soil and by manufacturers in mixed manures. Formerly it was only used in the arts. It is now much more extensively used as a fertilizer and in the manufacture of fertilizers than in the arts. The records show that there were imported in 1907 32,668 tons, which contributed in revenue $196,000. We have no reliable statistics on the production of sulphate of ammonia in this country, but it is believed to amount to about 40,000 tons annually.

Inconsistency.—There is an inconsistency in the tariff law touching sulphate of ammonia. Brought in as a separate chemical it car-

ries a duty of $6 per ton. Mixed in fertilizers it can come in duty free. When mixed, however, it is not feasible to extract it and sell it as a chemical. Neither is it feasible to import mixtures containing it. Therefore, for the manufacturers of fertilizers and farmers who use it in its clear state to derive the largest benefit from this source of nitrogen it should be admitted free of duty, as are other fertilizing chemicals and mixed manures.

Wise policy.—If it is a wise policy to put on the free list "guano, manures, and all substances used only for manures," it is still wiser to include not only all forms of plant food, but especially all forms of nitrogen; and since sulphate of ammonia is the richest agricultural chemical in nitrogen, it is obvious that it also should be included in the free list. With hardly an exception, no country puts a tax on plant food except Canada, and she admits the raw chemicals, including sulphate of ammonia, duty free, but puts a tax on mixed goods.

Opposition.—If there is any opposition to this change (which I doubt), it may come from the steel, coke, and gas manufacturers, who produce sulphate of ammonia as a by-product, and possibly also from the meat packers, who produce nitrogen as a by-product in large quantities in the shape of dried blood and tankage. But should these industries be protected on these by-products, and especially at the expense of a chemical so valuable as a source of nitrogen in the maintenance of our fertility?

Conclusion.—The fertilizer industry in the United States has been built up on a free-trade basis. We have had no protection on mixed goods, and we ask for none, but we ask in the interest of economic agriculture, as well as in the interest of business, that all substances containing plant food (which are our raw products) should be admitted duty free, as we believed was the intention of the present tariff law, in paragraph 569 of the free list.

Sir William Crookes, the English economist, has stated that the problem of the future in relation to breadstuffs is that of nitrogen, which is absolutely essential in the production of grain crops, especially wheat.

It is admitted that fertility of the soil (plant food, of which nitrogen is least abundant in available forms) is the corner stone of agriculture. In helping to maintain our soil fertility, should not the gathering of plant food from all sources, and especially of nitrogen, the most expensive one, be encouraged? At any rate, should it be hampered by the placing of a duty on the one agricultural chemical that is richest in nitrogen?

Let me also add that basic slag, a by-product of steel manufacture, should also be admitted free of duty, though it may compete to some extent with manufactured manures. It now pays a duty of $1 per ton. While it does not carry nitrogen, it does carry phosphoric acid and lime, which are also important to agriculture.

Respectfully submitted.

WILLIAM H. BOWKER.

VANILLIN.

HON. J. KALANIANAOLE, DELEGATE FROM HAWAII, SUBMITS LETTER OF JARED G. SMITH, OF HAWAII.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: There is another minor Hawaiian industry that needs something done for it—the vanilla industry. Our few vanilla growers, in common with the influential Wholesale Druggists' Association of the United States, would like to see a high duty placed on vanillin.

Vanillin is a form of proprietary synthetic compound used in the manufacture of a growing proportion of the so-called "vanilla extract" of commerce. Vanillin itself is a coal-tar product about one hundred times stronger than the vanilla produced from the natural bean.

Like ionine, the source of violet perfume, vanillin is a proprietary compound, the secret of the manufacture of which is not generally known.

The vanilla growers very properly feel that there would be more hope for their industry were a much higher import duty placed on the imported coal-tar product.

Very respectfully,

JARED G. SMITH,
Former Director Federal Experiment Station in Hawaii.

VERMILION.

NEW YORK, *December 18, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: According to the Oil, Paint, and Drug Reporter, Mr. Arthur Somers, in his recent testimony before your committee in reference to dry color, Schedule A, made a statement that foreign-made quicksilver (or English), vermilion, is selling in this country to-day at 66 cents.

As considerable importers of this material for over twenty years, we write to take exception to this statement. According to a quotation made to us by a prominent London maker on November 28, the actual cost of importation is slightly over 70 cents, whereas the selling price of the American-made goods is, we believe, 65 and 66 cents, according to quantity.

We do not recall any time in which the cost of imported vermilion was lower than the American selling price, whereas it averages, according to our experience, several cents above that level.

We remain, yours, sincerely,

POMEROY & FISCHER.

WALL-PAPER MATERIALS.

W. D. UPTEGRAFF, PITTSBURG, PA., WALL-PAPER MANUFACTURER, WISHES HIS RAW MATERIALS DUTY FREE.

PITTSBURG, PA., *November 11, 1908.*

Hon. JOHN DALZELL,
House of Representatives, Washington, D. C.

DEAR SIR: I notice in the papers that the Ways and Means Committee was to-day hearing the arguments of color manufacturers and manufacturers of crude barytes for increased tariff duties. All of these things are raw materials in the manufacture of wall paper, in which you know I am interested. Our other raw materials consist of all anilines, soda ash, alum, and print paper. Aniline colors especially should be on the free list, because they are not made in this country to any extent.

As manufacturers of wall paper, we naturally wish to object to any increase in the duties upon our raw materials.

Respectfully,

W. D. UPTEGRAFF.

SCHEDULE B.—EARTHS, EARTHENWARE, AND GLASSWARE.

ASPHALTUMS.

THE GLIDDEN VARNISH COMPANY, CLEVELAND, OHIO, PROTESTS AGAINST ANY INCREASE OF DUTY.

CLEVELAND, OHIO, *December 11, 1908.*

Hon. SERENO PAYNE, M. C.,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: As large manufacturers and large consumers of imported asphaltums, we beg to submit to your honorable committee our view with respect to the discussion now before the Ways and Means Committee regarding the tariff revision on imported asphaltums.

It is our opinion that the Ways and Means Committee would make a very serious mistake should the duty on asphaltum be raised from $1.50 per ton on the crude material to $2.64 per ton. We are perfectly satisfied with the status of affairs of the asphaltum business of this country, as well as that of the West Indies and Venezuela.

After reading the statement relating to asphalt tariffs before the Ways and Means Committee, published under date of November 23, we find reason for stating that we differ with Mr. Condit's statements very much. The trouble does not lie in the tariff; it lies in the hands of the controlling interests of the asphalt mines in this country, as well as in Venezuela or Trinidad. We can not see any distinction between the controlling interests of either of the above mines mentioned. One trust is just as strong as another and each is fighting for absolute control of the business. Not only does the fault lie in the owners of the mines, but it also lies in the exorbitant freight rates between western and eastern points.

For example, under date of August 29, 1908, we received shipment of 59,300 pounds of Gilsonite selects asphaltum from the Barber Asphalt Paving Company, shipment made from Mack, Colo., via D. and R. G., Missouri Pacific, care of Big Four at East St. Louis, care L. S. and M. S. R. R. to our Lake Shore switch. The price of this asphaltum was $30.50 per ton, making a total cost of $904.33. The freight on this item was $552.97. In other words, the Barber Asphalt Paving Company received $351.36 for their asphaltum, a little over half of what the actual freight amounted to.

Asphaltums, as pertained to our business, are as high to-day as they ought to be, considering the very cheap material that they go into. Should the tariff on the imported asphaltum be increased, the prices

would be prohibitive for varnish manufacturing purposes, and we would be obliged to resort entirely to the domestic article, which is not entirely satisfactory for all purposes.

Trusting that your honorable committee will see its way clear to avoid increasing the tariff on the above-named article, we are,

Yours, respectfully,

THE GLIDDEN VARNISH COMPANY,
F. H. GLIDDEN, *President.*

BAUXITE.

THE MERRIMAC CHEMICAL COMPANY, BOSTON, MASS., WISHES DUTY REMOVED FROM THIS ARTICLE.

BOSTON, *December 10, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The Merrimac Chemical Company, as a member of the Manufacturing Chemists' Association of the United States, has already joined in a brief of that association in recommending that bauxite, which now pays a duty of $1 a ton under paragraph 93 of the act of 1897, be placed on the "free list."

As large consumers of bauxite we desire to place before your committee further arguments for placing this ore on the free list.

We have read the briefs and arguments of the Republic Mining and Manufacturing Company and the Aluminum Company of American relative to bauxite, published by your committee, and we do protest against the requests therein made, to wit, that a duty of $2 a ton be placed on bauxite.

In the first place, we have every reason to believe that the American product is controlled by one interest or allied interests, and that such product is almost exclusively consumed by such interests, with the logical result that the independent American consumers of bauxite who are outside the charmed circle must rely upon foreign importations, principally from France.

Furthermore, the aluminum industry has been absolutely controlled by the same interests which control the American mines, in that one of the companies in interest has enjoyed exclusive patent rights for the production of aluminum, which are about to expire.

No one can object to a monopoly existing under patent rights, but it is certainly unfair for interests which have enjoyed such monopoly to ask as a substitute, on the expiration of the patents, for a prohibitive import duty which, it is believed, will have the same monopolistic effect.

As already explained in the brief of the Manufacturing Chemists' Association, under paragraph 93, there are two distinct kinds of bauxite—one the "red" bauxite, which constitutes the bulk of the foreign importation, and the other the "white" bauxite, which constitutes the bulk of the American production. The "white" bauxite is used most economically in the manufacture of sulphate of aluminum, while the "red" bauxite is better adapted for the production of alumina, which is the principal source of aluminum used in the

manufacture of the metal aluminum. These two products, sulphate of aluminum and alumina, are distinct in their character and purpose and are produced by distinct refining processses. Thus the bulk of the imported ore does not conflict with the bulk of the American ore, or should not conflict if each grade of the ore, the "red" and the "white," is freely allowed to be used for the purpose for which it is most economically fit.

Furthermore, without regard to the different kinds of ore, the foreign importation has not unduly competed with the American ore, statistics showing, as will be seen in the brief of the Manufacturing Chemists' Association above referred to, that the importation has been but about one-sixth of the American output. We believe that a $2 duty on bauxite would absolutely exclude its importation.

Even if the American product were freely in the market to American consumers, the location of the American mines prohibits the consumption of the American ore by manufacturers in the northern and eastern States on account of the freight rates. The freight rates to Boston from the American mines are over $5 a ton, as stated in the brief of the Republic Mining and Manufacturing Company. If we are forced to purchase American ore at American prices in the alternative of going out of business, the latter will necessarily be accepted, and the manufacture, at least, of alumina, the product of "red" bauxite, will be abandoned.

In the brief of the Republic Mining and Manufacturing Company great stress is laid on the fact that the French producers have such overwhelming advantages over the American producers that competition will be impossible without a $2 duty. We have had occasion to visit the French mines, and we can not agree with all the statements set forth in this brief. In the first place, we do not believe that the French deposits are inexhaustible. Furthermore, owing to a combination of large aluminum industries in Europe, a large part of the French output will be monopolized, and the American market will not afford the only, nor even a vital, field for distribution of the French output. The French mines are not so situated as to give remarkable advantages for cheap mining. The deposits in the majority of mines, instead of being on the surface, like our American deposits are well underground, requiring tunneling and the driving of shafts.

The mines are not universally situated so near the coast that "$1 will easily put a ton from the mine into a vessel." One of the very largest French mines is the Le Luc, situated 40 or 50 miles from the coast. To ship ore from this mine, it is necessary to send it over electric tramways and across cables suspended over mountain valleys before the ore is finally transferred from the heart of the mountains from which it is mined to the railroad train which carries it to the vessel. This operation in this, or nearby mines, costs 7 francs, or $1.40 a ton. It is not correct that the water rate to Boston "is only from $1.50 to $2.25." The lowest rate we have ever paid to Boston is $2.12, the highest $2.62, and the average has been $2.25.

We can not agree that the French enjoy such extraordinary advantages that American competition is out of the question without a protective duty. The French do enjoy some advantages, such as cheaper labor, etc., but there is no advantage enjoyed in the mining of bauxite which is not common to nearly all foreign industries.

In conclusion, we ask that the duty be taken off from bauxite, knowing from our own experience that New England manufacturers and many of the seaboard manufacturers can not manufacture without the imported raw material except at a loss.

To place a $2 duty on bauxite would raise the price of the manufactured articles, drive independent manufacturers out of business, and narrow the field of the industry, benefiting only those who control the American mines.

To place bauxite on the free list would surely stimulate the aluminum industry, and would not seriously affect our American mine owners, in our judgment, because, as already explained, the American markets for the imported and domestic ore are to a large extent separate and distinct.

Respectfully, yours,

MERRIMAC CHEMICAL CO.,
By HENRY HOWARD, *Vice-President.*

CARBONS.

HUGO REISINGER, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF RELATIVE TO ELECTRIC-LIGHT CARBONS.

NEW YORK CITY, *December 17, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I had the privilege of making a brief oral statement to your committee on Monday, November 23, on the subject of a duty on electric-light carbons, and I pointed out that by procuring from the Fifty-fifth Congress an enactment of a practically prohibitory duty on this class of goods the National Carbon Company, commonly known as the "carbon trust," has been able to prevent the importation of low-grade carbons and to secure such an amount of protection on the high grade as to enable it to control 80 per cent of the sales of this country, notwithstanding the fact that their prices include a profit of 150 per cent on the cost, because, as they can manufacture as cheaply as the imported carbons can be laid down here, they make the duty a profit, besides their ordinary legitimate profit. After I had made my statement a statement was made by Mr. J. S. Crider, of Cleveland, Ohio, representing the National Carbon Company (see hearings, pp. 1545 to 1551), and in view of that statement I now beg leave respectfully to submit in writing a few additional suggestions on this very important subject.

It will be noted that my original statement that this business was now in the hands of a trust is not denied. On the contrary, on page 1459, in answer to questions by Mr. Underwood, Mr. Crider conceded that his company was the only concern that made the high-grade carbons, and that it had a monopoly of the American market. It also appeared from his testimony, on the same page, that his company had $4,500,000 of preferred stock (presumably representing the actual capital invested) and $5,500,000 common stock (presumably representing expectations or hopes—in effect, water). They are pay-

ing 7 per cent dividend on the preferred and 4 per cent dividend on the common. If they can get from this committee the increased protection they demand, it will not seem unreasonable to suppose that their future profits will enable them to increase the dividend on the common stock, or to cut a watermelon in the shape of an extra dividend.

Mr. Crider states (p. 1545):

When the present tariff was being considered, an amendment introduced by Senator Quay provided for a duty of $10 per 1,000 on carbons for electric lighting 12 inches or less in length. In the joint conference the day prior to the passage of the act this was changed to 90 cents per 100, but in some way the important words restricting these carbons to commercial sizes were omitted.

This is a very misleading statement of what happened in the Fifty-fifth Congress. The facts are as follows:

When the Dingley bill passed the House, paragraph 93 contained this provision:

Carbons for electric lighting and filter tubes, 50 per cent ad valorem.

It is true that on the 29th of April Senator Quay introduced the following amendment in the Senate:

Carbons for electric lighting of 12 inches or less in length, $10 per 1,000; for lengths over 12 inches, $10 per 1,000 for each 12 inches or fraction thereof. (Cong. Rec. 55th Cong., 1st sess., vol. 30, pt. 2, p. 1138.)

This amendment was never adopted by the Senate. The bill as it passed the Senate struck out all special provisions for electric-light carbons. The amendment to this effect was amendment No. 145. The conference report (p. 6) contained the following:

Amendments numbered one hundred and forty-four and one hundred and forty-five: That the House recede from its disagreement to the amendments of the Senate numbered one hundred and forty-four and one hundred and forty-five, and agree to the same with an amendment as follows: Strike out the amended paragraph and insert in lieu thereof the following: "98. Gas retorts, three dollars each; lava tips for burners, ten cents per gross and fifteen per centum ad valorem; carbons for electric lighting, ninety cents per hundred; filter tubes, forty-five per centum ad valorem; porous carbon pots for electric batteries, without metallic connections, twenty per centum ad valorem."

And the Senate agree to the same.

It will thus be seen that the provision as it now stands in the law was not considered in either House of Congress, but was inserted by the conference committee, and therefore had either to be accepted or the conference report disagreed to.

The duties imposed by this provision amounted on the standard sizes and grades of carbons then in use to a duty of from 100 to 150 per cent ad valorem. The importers did bring in the long carbons and had them cut and finished here by American labor, not, as Mr. Crider suggests, to evade the law, but to meet the law, which the Supreme Court of the United States has repeatedly decided that importers have the right to do. And notwithstanding this, the trust still controls 80 per cent of the market.

Mr. Crider says:

That while the declared value of carbon imported in 1908 increased 217 per cent, the duty paid increased only 37 per cent, owing to the fact that the number of pieces increased only a like percentage, thereby proving the increasing importations in long lengths. Such importations obviously present opportunity for undervaluation.

These remarks are obviously intended to suggest that the Government is losing something by undervaluations. The absurdity of this suggestion is manifest. The duty in no wise depends upon the value, but on the number of pieces. It is a purely specific duty, and therefore undervaluation, if it existed, would help nobody and injure nobody, not even the Government. Mr. Crider states that labor constitutes about 65 per cent of the total cost of manufacture, but he furnishes no statistics to support this statement. As a matter of fact, I believe his statement is not true. The labor constitutes but about 20 to 30 per cent of the cost of manufacture.

Mr. Crider's statement as to the price of labor abroad is substantially correct, but his statement as to the prices paid in this country is not correct. It would have been easy for him (as he represents the sole manufacturer of these articles in the United States) to furnish proofs with regard to the wages paid here, had he so desired. The wages paid here are about $2 for skilled labor and $1.25 for unskilled labor.

In discussing the subject of raw material, Mr. Crider asserts that the cost of the raw materials is much higher here than abroad, and gives a table in which he puts down lampblack as costing 2 cents abroad and 4 cents here; carbon pitch as costing $9 abroad and $20 here, and coal tar as costing $1.85 abroad and $3.50 here.

Reference to the existing tariff will show that coal tar and pitch are on the free list (pars. 512, 524, 678) and that lampblack is dutiable at 25 per cent under paragraph 47. It is quite inconceivable that this trust would pay here double the price for which they could buy an article abroad and import it free, or would pay $3.50 here for an article which they could buy abroad for $1.85 and import at a duty of 25 per cent.

Carbon brushes are made of retort carbon and graphite, which materials are right at the hand of domestic manufacturers and are very cheap. The trust has substantially all of the market at the present time. The present rate of 35 per cent enables the trust to have practically a monopoly of the trade in this article. The rate should certainly not be increased. If, as Mr. Crider states, the importations are increasing, this is for the benefit of the consumer so that he shall not be left at the mercy of the trust.

The specific-duty system as applied to these articles can not be made to work equitably in practice because they vary so in length, weight, and valueffi that what might be a reasonable duty on some carbons will be prohibitive on others. These articles are largely used by municipalities, towns, and villages for the lighting of streets. A heavy tax upon them simply increases the burden of taxation which must be imposed by cities, towns, and villages on all their taxpayers. It is an unjust tax which has resulted in the creation of monopoly.

I therefore respectfully suggest that the duty upon these articles be made ad valorem and that the rate should be 20 per cent. This will afford an abundant opportunity for all to compete for this business. It will compel the trust to reduce its enormous profits and thereby perhaps decrease its dividends on its common (watered) stock, but it will benefit greatly all the people of the United States.

HUGO REISINGER.

NEW YORK, *December 18, 1908.*

CRUCIBLE CLAY.

VARIOUS MANUFACTURERS OF CRUCIBLES OBJECT TO THE IMPOSITION OF A DUTY ON BLUE CLAY.

PHILADELPHIA, *December 15, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: At the tariff hearing on November 23 it was advocated to remove the crucible clay from the free list and a duty of $4 per ton to be put on the same.

Schedule B of the tariff of 1897, paragraph No. 93, provides for various duties on clays or earths unless specially provided for in this act; paragraph No. 522 of the free list calls for clay, common blue clay, in casks suitable for the manufacture of crucibles. This common blue clay which is found in Germany only, we have used in the manufacture of our crucibles the past forty-two years, and is the only known clay suitable for our manufacture. We have tried various American clays from time to time, but have never yet been able to find a clay that woud answer our purpose in the manufacture of black lead crucibles. We know of no substitute for this particular clay, and as it has been on the free list for many years we would respectfully request that in the interest of our industry the same shall continue free of duty.

Respectfully, yours,

R. B. SEIDEL (INCORPORATED),
H. Y. SEIDEL,
Secretary and Treasurer.

TRENTON, N. J., *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

SIR: Our attention has been called to the fact that there is an effort being put forth to remove the clay imported from Germany, commonly known as the "blue clay," from the free list and place a duty on the same at $4 per ton.

We desire at this time to enter our protest against an action of this kind, and it seems to us that it would be in direct opposition to the American manufacturer to have a tariff placed on an importation of this kind. The American manufacturers of crucibles have to depend entirely on Germany for their clay product. It is true that in the manufacture of crucibles domestic clays or kaolin is used to a very limited extent, but the foundation of a graphite crucible must come from the German clay, and without this the American manufacturer of graphite crucibles can not manufacture goods.

Of this common blue clay which is found in Germany only about 5,000 to 8,000 tons per annum are imported into the United States, and it is used entirely by us in the manufacture of black-lead cruci-

bles, and, as stated before, it is the only clay suitable for this manufacture; nothing in this country has ever been offered as its substitute.

This clay has been on the free list for many years, and we respectfully request that in the interest of our American industries that the same shall be continued on the free list.

Trusting that you will give this matter the consideration that it demands, we are,

Yours, truly, JONATHAN BARTLEY CRUCIBLE CO.,
JONATHAN BARTLEY,
General Manager.

Letters similar to the above, asking that common blue clay for crucibles be left free of duty, were received from the following: Joseph Dixon Crucible Company, Jersey City, N. J.; Paige Retort and Crucible Company, Taunton, Mass.; Taunton Crucible Company, Taunton, Mass.; Robert J. Taylor, Nineteenth and Callowhill streets, Philadelphia, Pa.

FULLER'S EARTH.

THE SOUTHERN FULLERS EARTH COMPANY, WARREN, PA., URGE THE NEED OF INCREASED PROTECTION.

WARREN, PA., *December 11, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: We are engaged in the mining and marketing of American fuller's earth of such excellent quality that it has displaced the imported English fuller's earth in cases where our price could be reduced to meet the figure of our foreign competitors. In other cases the analyses and practical tests made of ours and the imported product were so favorable to ours that had we been able to meet the price at which the foreign product was sold we could have had the business. To continue this business, we must either reduce the wages of our men or seek the assistance of Congress in readjusting the tariff on fullers' earth.

We ask you to aid us in meeting the competition of these foreign importers. Our case has been so lucidly and forcefully set forth in the hearings by Mr. Harry A. Auer, of Cleveland, Ohio, that we respectfully ask your careful attention to the same and solicit your favorable action on the claims there presented.

Very sincerely, yours,
THE SOUTHERN FULLERS EARTH CO.,
W. L. MACGOWAN, *Sales Manager.*

GAS RETORTS.

MANUFACTURERS OF GAS RETORTS AND BENCH SETTINGS URGE THE NEED OF PROTECTIVE DUTIES.

DECEMBER 16, 1908.

Hon SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.:

The undersigned manufacturers of gas retorts and gas bench or retort settings, representing many millions of invested capital and many thousands of employees, having considered their need for a protective tariff for this industry, adopted the following:

Under paragraphs 87 and 97 it has come to our notice that questions have arisen concerning the correct application of the duty to be paid on the importations of fire brick weighing more than 10 pounds each, otherwise known as "gas bench" or "retort settings."

The process of manufacture of these products is an expensive one in this country, and has reached its present stage of perfection only by reason of the costly and painstaking methods pursued by the American manufacturer. He is obliged to purchase, at excessive prices, large bodies of high-priced realty to insure ultimate and limited sources of his supply of high-grade clay; to sink shafts; to mine and extract the clay; to upkeep the mines with heavy maintenance charges; to pay mining wages averaging $2.50 per day; to prepare these clays for the products by expensive handling, weathering, and refining. The manufacture includes continuous careful handling by way of tempering, molding, drying, and finally burning, and involves the construction and maintenance of very costly plants. The average manufacturing wage is liberal, being $2.50 per day. About 90 per cent of these products represent labor.

Foreign competition is encountered mostly from Germany, but the clays from all countries are used as extracted or spaded directly from the surface and without need of further treatment. Much cheaper labor rates prevail abroad; the spaders referred to average 60 cents per day, while molders make from 60 cents to $1 per day. The foreign plants being located at or near the water, these products are generally handled by the steamship companies as ballast. Importations are transported from seaboard points to interior points at rates about 50 per cent less than charged on the domestic products.

The schedule embracing these products compiled by the United States Treasury Department shows an average cost of importations of about $12 per ton. American products of the same class cost about $18 per ton at seaboard. The duty, as was evidently contemplated by Congress, was no doubt 35 per cent ad valorem, but the act should be more specific as to gas bench or retort settings, so that they could not be entered as fire brick, limiting, however, the tax to be not less than $5 per ton.

Under paragraph 98 gas retorts are taxed at $3 each, but with the changes in their manufacture both in size and design, necessitated by the mechanical systems now employed, an injustice is done the American manufacturer in continuing the present tax as now applied.

When the $3 tax was first imposed, standard-size retorts 9 feet in length, one piece, were imported, and cost about $14.50 each, or about $14.50 per ton. At present a complete retort is about 22 feet long,

costs about $29.50 each, or $14.50 per ton, and taxed but $3 each. These large retorts are shipped in sections, and it would be possible to have them entered as fire brick should the inspectors not have a good and definite description.

The domestic materials when properly manufactured equal in quality those of the best foreign manufacture, but owing to the decided lower cost of production abroad and very moderate existing tariffs, and especially as now applied, the foreign articles are displacing the domestic product. An adequate protective tariff is absolutely necessary for the benefit of both the American laborer and manufacturer.

It is respectfully recommended that paragraph 87 be specifically limited to apply to standard or 9-inch fire brick and "weighing not more than ten pounds each;" the duty not to be changed; add "retort or gas bench settings, tank furnace blocks and furnace stones, and all other refractory products of any kind, sizes, or shapes, not decorated, thirty-five per centum ad valorem, tax not to be less, however, than five dollars per ton.

That paragraph 97 be modified so as to state specifically that it does not cover fire brick or fire clay tiles, retort or gas bench settings, which are fully covered elsewhere.

That paragraph 98 be modified to read "gas retorts, forty per centum ad valorem, tax not to be less, however, than five dollars per ton."

The duties as provided for under the present act should not be reduced. The duties as submitted should be adopted. Labor generally constitutes about 90 per cent of the article. The American manufacturer has absolutely no advantage in any improved machinery or process. He is often at a disadvantage on account of the European manufacturer being situate on the water's edge and shipping his product to American ports in ballast and delivering to interior points at a less price than the American manufacturer has to pay to the railroad. As women are employed in some of the continental brick works at wages around 25 cents a day and men receive from 25 cents to $1 a day, it is absolutely necessary that not only the American laborer, but also the American manufacturer should be protected by duties as requested.

Respectfully submitted.

Laclede-Christy Clay Products Co., by W. P. Morris, president, St. Louis, Mo.; the Parker-Russell Mining and Mfg. Co., by D. R. Russell, president, St. Louis, Mo.; Jas. Gardner, jr., Co., per N. A. Young, secretary, Bolivar, Pa.; Cyrus Borgne Company, Cyrus Borgne, president, Philadelphia, Pa.; Ernest Howard F. Bk. Co., by Allen P. Green, general manager, St. Louis, Mo.; Harbison-Walker Refractories Co., J. E. MacCloskey, jr., Pittsburg, Pa.; Brooklyn Fire Brick Works, by F. H. W. Luhrssen, secretary, Brooklyn, N. Y.; I. H. Gautier & Co., by David R. Daly, vice-president, Jersey City, N. J.; Henry Maurer & Son, by Clifford M. Maurer, vice-president, New York City, N. Y.; Baltimore Retort and Fire Brick Co., by Louis N. Rancke, vice-president and manager.

(Harbison-Walker Refractories Company concurs in this brief, but has filed a brief of its own covering the same and other subjects.)

GYPSUM.

CHARLES WEILER, MILWAUKEE, WIS., URGES AN INCREASE OF DUTY ON GYPSUM ROCK.

MILWAUKEE, WIS., *December 16, 1908.*

Hon. S. E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: In the revision of the tariff on raw gypsum rock, brought in from Nova Scotia, the present rate of 50 cents per gross ton is totally inadequate, and should be raised to $1 per ton.

The deposits of this rock in various portions of our country are so enormously abundant that the production of plaster has become badly overdone, and far in excess of any present demand. Gypsum is one of the commonest of nature's raw materials. Enough has already been located to supply any possible needs for centuries to come. It is a cruel hardship to every plaster manufacturer in the United States, except four or five along the Atlantic coast, to dump into this frightfully overburdened field, the raw material of another country, on so totally inadequate a tariff rate as the present schedule.

With an unlimited supply of gypsum in our own country, it would be nothing less than injustice to the American gypsum laborer to take away his livelihood and present it to the Nova Scotia laborer under the guise of free trade.

It would be nothing less than injustice to the American plaster mills located in the Middle West, which comprises all but a small fraction of the trade, to add this totally unnecessary burden to a trade suffering from an almost insane ferocity of reckless competition.

The consumer of plaster has never paid, and never will pay, a high price for the finished article, while he often secures, as at present, prices to which he is not justly entitled, for any condition that brings benefits to one class of our fellow-citizens which are based upon the financial ruin of another class is abnormal and unhealthy.

I am not a plaster manufacturer and have not a cent invested in that trade, but simply as a plain American citizen I hope I may be allowed to protest in this way against the abolition of the present gypsum duty and against even the retention of the present rate, and to urge that the duty be increased to $1 per ton.

Very respectfully, CHARLES WEILER.

THE ROMAN NOSE GYPSUM COMPANY, BICKFORD, OKLA., THINKS DUTY SHOULD BE ADVANCED ON GYPSUM.

BICKFORD, OKLA., *December 18, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: We note that an effort will be made to place crude gypsum on the free list. In this connection allow us to say that if there is anything whatever in protection in the tariff, instead of placing gypsum on the free list the tariff should be raised, as the manufacturers of gypsum products to-day are not making a single dollar

on their investments, at least in the western section. As you are aware, there is a large amount of gypsum imported to the eastern section of the country, which, of course, precludes a possibility of competition in that section by the western producers, having to overcome the high freight rates, and the production in the West is now in excess of the demand for the western section. If a tariff should be placed on gypsum and gypsum products, sufficiently high to overcome at least a part of the difference in freight rate to the eastern seaboard, the western section would be in position to do some business in competition with the imported goods, but as it now stands we have a fence practically built around the western section, in which, as stated above, the production is far in excess of the demand. While there are vast deposits as yet undeveloped, they must remain so until conditions are very greatly changed from what they now are.

Will be glad to furnish you any further information in regard to the gypsum deposits in this section at any time.

Yours, very truly,

ROMAN NOSE GYPSUM CO.,
Per CHAS. N. BANCROFT,
Vice-President and General Manager.

FRANK A. WILDER, NORTH HOLSTON, VA., THINKS REDUCTION OF DUTY ON GYPSUM WOULD NOT INCREASE REVENUE.

NORTH HOLSTON, VA.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: According to the United States Geological Survey, the imports of crude gypsum, unground, for 1907 amounted to 453,-911 tons.

Imports of gypsum in all other forms for 1907 amounted to 15,000 tons.

Practically all of the crude gypsum, unground, imported is unloaded in the vicinity of New York City, where it is finished for wall plaster, and at Norfolk, Va., where it is ground for land plaster.

The gypsum deposits of the United States thus brought into competition with foreign gypsum are located in central and western New York, with the town and mills at Oakfield at a center, and in southwestern Virginia, in Smyth County.

Costs of production of crude gypsum in the American fields named above, with transportation to the points where it competes with Nova Scotia gypsum, are given below.

New York City, Baltimore, and Washington consume most of the Nova Scotia gypsum. It is milled near New York City, and shipped to Baltimore and Washington by barge. Very little plaster from gypsum of the United States is used in these cities.

Oakfield, N. Y., to New York City:	
Mining	$0.60
Royalty	.10
Freight	1.75
	2.45

Oakfield, N. Y., to Baltimore and Washington:

Mining	$0.60
Royalty	.10
Freight	2.60
	3.30

Smyth County, Va., to Washington and Baltimore:

Mining	.60
Royalty	.10
Freight	2.80
	3.50

Freight rates and Nova Scotia competition shut Virginia mineral out of New York.

Cost of Nova Scotia crude gypsum in New York:

Freight by barge	$1.25
Handling	.50
Duty	.50
Mining	.15
Royalty	.10
	2.50

Nova Scotia products in Baltimore and Washington:

Freight by barge	1.35
Handling	.50
Duty	.50
Mining	.15
Royalty	.10
Second barge haul	.90
	3.40

Nova Scotia gypsum in Norfolk, Va.:

Freight by barge	1.35
Handling	.50
Duty	.50
Mining	.15
Royalty	.10
	2.60

Smyth County, Va., gypsum in Norfolk:

Mining	.60
Royalty	.10
Freight	1.60
	2.30

Four-fifths of all the territory that could be covered by Nova Scotia gypsum and gypsum products, if the duty were wholly removed, is covered by Nova Scotia gypsum now, with a 50-cent duty on crude gypsum.

If the duty were removed entirely the mineral produced at home would probably be shut out of New York, Baltimore, Washington, and eastern Virginia.

Very little gypsum mined in the United States is now used at these points.

Freight rates do not permit Nova Scotia gypsum to get far from the coast.

It can not move by barge farther south than Norfolk because of the mineral cheaply produced in Texas moving eastward under very favorable freight rates.

The cheap mining costs of Nova Scotia gypsum as compared with that of New York or Virginia is due to the fact that Nova Scotia gypsum is quarried on the surface, while in New York and Virginia it is mined from a considerable depth.

On the showing of the above figures, which we believe can be readily verified, a reduction of the present 50-cent duty on crude gypsum to 25 cents could not possibly increase the tonnage of imports 100,000 tons. If such reduction were made, therefore, the loss of revenue to the Government would be considerable.

The cost of converting crude gypsum into wall plaster is not presented in the showing above, because the crude Nova Scotia gypsum is milled in New York, with the cost the same as for the material produced in western New York and Virginia.

FRANK A. WILDER,
For SOUTHERN GYPSUM CO.

THE WARNER-MILLER COMPANY, NEW HAVEN, CONN., THINKS DUTY SHOULD BE REMOVED FROM GYPSUM.

NEW HAVEN, CONN., *December 15, 1908.*

Hon. E. J. HILL,
Washington, D. C.

DEAR SIR: We note that on November 24 representatives of the western plaster manufacturers appeared before the Ways and Means Committee and asked that the duty on raw gypsum rock be increased to $1 per ton from 50 cents per ton, which is the duty now in force.

We are large dealers in calcined plaster, and we know that any addition to the present duty will fall directly upon the consumer. After the placing of the duty of 50 cents per ton on gypsum in the bill of 1897, the manufacturers of plaster advanced the price of the manufactured article to correspond, and we have the assurance of large manufacturers that in event of the present duty being removed a corresponding reduction will be made in the selling price of plaster.

We think a careful investigation of the matter will convince the committee that all duties should be removed from the raw gypsum rock. Certainly no advance should be made over the present duty.

We trust that you will interest yourself in this matter, as the elimination of any duty on gypsum rock will result in a material saving to all consumers in the eastern section of this country.

Very truly, yours,

THE WARNER-MILLER CO.,
MAX E. MILLER,
Wholesale Dealers in Masons' Supplies.

THE VIRGINIA PORTLAND CEMENT COMPANY, FORDWICK, VA., URGES FREE ADMISSION OF CRUDE GYPSUM.

FORDWICK, VA., *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: As large users of calcined plaster made from Nova Scotia gypsum, we have during the past nine years made numerous labora-

tory tests and experiments with gypsum mined in this country, and in no instance have we found it to be equal in uniformity to the Nova Scotia gypsum. The percentage of calcined plaster we use in the manufacture of cement is 1½ per cent by weight, and it is of the utmost importance in adding such a small percentage that the plaster should be of the most uniform character in order to obtain regular results as regards the setting time of our cement. We have been promised by the manufacturers that if any concession is obtained on the raw material that the consumers should benefit thereby, and as we understand it has been shown by the manufacturers of calcined plaster that there is no competition as far as costs go, we would respectfully urge upon the Ways and Means Committee the admission of the crude gypsum free of duty.

Sincerely, DANE E. RIANHARD,
Vice-President.

HON. J. VAN VECHTEN OLCOTT, M. C., SUBMITS LETTER OF MICHAEL POWER, NEW YORK CITY.

NEW YORK, *December 15, 1908.*

Hon. J. VAN VECHTEN OLCOTT,
Washington, D. C.

MY DEAR SIR: As a large user of plaster, I would call your attention to the fact that in the year 1897 a duty was imposed on imported raw gypsum rock of 50 cents per ton, which advanced the price of plaster. Lately a number of western manufacturers have appeared before the Ways and Means Committee and demanded a further duty, or $1 per ton, be taxed on this material, which would cause a further advance on the price of plaster.

The dealers in the East are using every effort to have this first duty of 50 cents taken off, which I think is no more than right; and also think that this material (raw gypsum) should be entered on the free list.

Trusting you will use every effort in your power to down this further tax, I beg to remain,

Sincerely, yours, MICHAEL POWER.

JOHN H. SHIPWAY & BRO., NEW YORK CITY, WOULD LIKE GYPSUM PLACED ON FREE LIST.

NEW YORK, *December 9, 1908.*

Mr. SERENO E. PAYNE,
Chairman of Committee on Ways and Means,
Washington, D. C.

DEAR SIR: As large users of plaster, we would request of your committee that the cost of this material to us be not raised by the imposing of a duty on gypsum. We would like to have raw gypsum placed on the free list. The quantity of plaster used is so great that increasing the price of same by new duties would work a hardship that

certainly would not be to the advantage either of the manufacturer, setting his goods, as we do, or the owner, for whom we set the goods.

Yours, very truly,

JOHN H. SHIPWAY & BRO.,
Per J. H. SHIPWAY.

HON. G. N. SOUTHWICK, M. C., SUBMITS LETTER OF L. W. DEVENPECK RELATIVE TO CRUDE GYPSUM.

SCHENECTADY, N. Y., *December 9, 1908.*

Hon. G. N. SOUTHWICK,
House of Representatives, Washington, D. C.

DEAR SIR: For a number of years I have handled in connection with my business in this city quite a large quantity of plaster of Paris and products of gypsum made from the imported Nova Scotia rock. and I beg to respectfully petition your committee to abolish the duty of 50 cents per ton, which I understand is now in force on crude gypsum.

Since the imposing of this duty the dealers have been forced to pay higher prices for this commodity. The material manufactured from domestic gypsum can not be substituted in our trade for the goods we have handled, and the manufacturers have, I think, all agreed that in the event of the abolition of the duty a corresponding reduction in the price to the consumer will be made. If I understand the facts correctly in the case, and I think I am reliably informed. it appears to me that it would be a public benefit to place crude gypsum on the free list.

Trusting that you will give this matter consideration, I beg to remain,

Yours, truly, L. W. DEVENPECK.

Letters similar to the above, asking for the removal of duty from gypsum rock, were received from the following: James A. Philips, plasterer, 161 Columbus avenue, New York City; Wm. Wirt Clarke & Son, building materials, 546 Monument street east, Baltimore, Md.; the F. H. & A. H. Chappel Company, New London, Conn.; Wadsworth-Howland Company, paints and colors, 47 North Carpenter street, Chicago, Ill.; Sitterding-Carneal-Davis Company, builders' supplies, Richmond, Va.; Klee-Thompson Company, plasterers, 327 East Fortieth street, New York City; W. B. Corney & Bro., contractors, 156 Fifth avenue, New York City; Tomkins Brothers, masons' materials, Newark, N. J.; R. C. Bowers Granite Company, Montpelier, Vt.; Candee, Smith & Howland Company, masons' building material, foot of East Twenty-sixth street, New York City; Utica Lime Company, Louisville, Ky.; Campbell, Morrell & Co., Passaic, N. J.

KEENE'S CEMENT.

THE BEST BROTHERS KEENE'S CEMENT COMPANY, MEDICINE LODGE, KANS., FILES SUPPLEMENTAL STATEMENT.

MEDICINE LODGE, KANS., *December 16, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Referring to the present duty on importations of Keene's cement, we would point out that Keene's cement is being admitted under an ad valorem duty of 20 per cent and that the chief item of cost in producing Keene's cement is the chemicals used in the same, which are imported from Europe, which chemicals pay a duty equivalent to 51 per cent ad valorem. The difference between the duty on Keene's cement and the duty on the chemicals used in the manufacturing of the same should be equalized.

We also point out that calcined plaster, which does not have to use these expensive chemicals, bears a duty averaging 35½ per cent, showing that the present duty on Keene's cement of 20 per cent ad valorem is too low, when considering that it is necessary in its manufacture to use chemicals which bear an ad valorem duty of 51 per cent, while calcined plaster, not having to use such chemicals, carries a duty averaging 35½ per cent.

Yours, truly,

THE BEST BROS. KEENE'S CEMENT CO.,
By THOS. BEST, *Manager.*

PLATE GLASS.

THE PITTSBURG (PA.) GLASS COMPANY FILES SUPPLEMENTAL BRIEF REPLYING TO MR. H. E. MILES.

PITTSBURG, PA., *December 17, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

HONORED SIR: We ask permission to file this additional brief in reply to the statements made by Mr. H. E. Miles before your committee on December 8.

Mr. Miles states:

I beg to pay my compliments to him (the president of the Pittsburg Plate Glass Company) by informing you that the plate-glass schedule is extremely unfair and that it must be corrected, unless the wretched opportunity is continued to the plate-glass trust to rob the people.

In reply to this, we wish to say that we fully agree with Mr. Miles that the present schedule is unfair, and we have always so maintained since the organization of the present company, for the reasons fully set forth in our previous brief. The duty on large glass is too high and the duty on small glass is too low; but as to the charge of robbing the people, we simply wish to again set forth the fact that during the entire history of the present company, since 1895, we have paid our

stockholders dividends which average for the period a trifle less than 4½ per cent per annum, and have built up a surplus averaging about 3½ per cent per annum for the same period, and that these earnings have come largely from auxiliary sources. In order to make the meager earnings above shown we have not taken any cognizance of our several million dollars of surplus, upon which we had no return—not even simple interest. Our profits on the manufacture of plate glass, divorced from these auxiliary sources, have for the last seven years averaged barely 1 per cent per annum. There is no inflation (water) in our stock, so there has been no attempt to pay dividends on water. On the contrary, our stockholders have paid in $7,500,000 additional capital in cash since 1902 in order to carry on our business successfully.

Our most important auxiliary sources of revenue embrace the best coal and gas properties in western Pennsylvania; our branch warehouse system; our interest in the Patton Paint Company, which has always made much larger earnings than the Pittsburg Plate Glass Company; our Belgian plate-glass plant, which has been very profitable, and various other investments.

In this connection we wish also to state that we have always charged glass to our warehouses at as nearly the average prices current by other manufacturers to the jobbing trade as could be determined, with the purpose that our branch warehouse system should stand entirely upon its own merits; and also with the purpose of determining whether the policy of distributing our own product should be continued or abandoned. In fact, it has always been the policy of the company that all its auxiliary interests should and must stand upon their own merit.

Mr. Miles says, in comparing European with American labor, that the latter "labor is 50 to 70 per cent higher." The truth is that we actually pay fully 300 per cent higher wages in this country than we do at our Belgian works.

He says:

> They added 100 per cent to their selling prices in two years' time, giving one-sixth of the advance to their laborers and five-sixths to their stockholders.

The truth is, that our labor has always received full American standard of wages. The wages paid by this company have followed the general wage conditions and not the market fluctuations of our product. As against this, our manufacturing department has barely earned 1 per cent per annum on actual capital invested in plants. It it not difficult to perceive what results would have followed a more liberal division to labor.

He states that—

> With a cost of production not far from that in Europe, the difference in wage cost, which is very considerable, being offset by saving in fuel and materials, they made the American consumer pay nearly two dollars for every dollar's worth of glass he bought.

The truth is, that taking the last seven years, 1901 to 1907, both inclusive (I select these years because they cover the period in which the large increase in imports has taken place), our cost of manufacturing glass was .3265 per square foot, whereas the cost in Belgium for the same period, based upon the cost at our own works, which we have owned for a part of that time, and from the best information

we can obtain from our Belgian superintendent, who has been connected with other concerns as well as our own, and from other sources, is about .14 per square foot. We note that Mr. Goertner, representing the foreign importers, who testified before you, stated that the foreign cost was .16. We do not think he is in position to get accurate information about it, but, in any event, his statement does not differ materially from ours.

With the above facts as to cost of production and the actual earnings that have been made, you can easily arrive at the proper conclusion as to how correct Mr. Miles is in his statement that we have forced the consumer to pay $2 for every dollar's worth of glass he has bought. Or, to reverse the statement, you can easily see what would have happened to the American plate-glass industry if we had sold our product at one-half the prices that have prevailed during our history.

He says:

They raised their prices so high that importers were able to pay the excessive tariff and bring plate glass in to advantage.

We suppose he means that you should infer from this that that accounts for the enormous imports that have come in under the Dingley bill. The truth of the matter is that these imports are made up principally of sizes under 5 square feet (under 24 by 30 inches), upon which the duty is so low that the foreigners have not only been able to sell this enormous quantity of glass, but force us to sell all that we have sold, which has been even a larger quantity, at a heavy loss to ourselves.

So far as the above quotation might refer to large glass, the present form of tariff naturally compels the American manufacturer, in some measure, to attempt to do this very thing, i. e., to ask a high price on glass over 10 square feet to make good the loss he is constantly sustaining on small glass. The flat-rate tariff that we propose would remove not only this necessity but the opportunity for so doing.

He says further:

Whereupon the plate-glass trust showed a new phase of trust management in writing importers that they must not bring in glass or they would be cut off from home supply upon such sizes as could not be imported to advantage, and the importers had to discontinue their effort to save the home consumer and advantage themselves, and leave that consumer wholly at the mercy of the trust upon an increase of price of 100 per cent.

The size of the imports and the enormous increase that has taken place show conclusively as to whether importers have been forced to discontinue their importations. During all the years when these imports have been increasing so largely, it would have been ruinous to the American manufacturers to stop them. Our efforts to make ends meet have been carried to the farthest extreme—the extreme of doing our business substantially without profit. To have carried these efforts far enough to have displaced imported glass completely would have meant ruin to every concern engaged in such an effort, because of the low prices on small glass. The plate-glass business is peculiar in this, that it is much less profitable to furnish 1,000 plates of one size than to furnish 1,000 plates of 1,000 different sizes. In almost every enterprise just the opposite condition obtains. You can furnish one plate of a given size at little or no waste, because you can

always select from your stock or from your factory product something that so nearly approaches it that the loss is inconsiderable; but inasmuch as the glass coming from the factory into the warehouse may contain defects of a hundred different kinds, which determine how the glass must be cut, any order calling for 1,000 plates of one size of necessity involves a much larger waste in cutting than does a miscellaneous order embracing all sorts of sizes. Here, again, is another instance in which the present tariff has worked great hardship upon the American producer, for the reason that the importer and the consumer, in his endeavor to get the largest possible piece of glass at the minimum rate of duty, has established the custom of consuming the largest quantities of glass in the maximum sizes that can be brought in under each bracket, with the result that the consumption of 24 by 30 and 18 by 40, both of which contain exactly 5 feet and come in at 10 cents per foot duty, has grown out of proportion to the use and imports of other sizes. To make this a little plainer, the duty on a 24 by 32, which is only 2 inches larger than a 24 by 30, is 22½ cents per square foot, as against 10 cents per square foot on a 24 by 30. Hence, of course, everybody prefers to use 24 by 30. This has grown to such an extraordinary extent that these and other bracket sizes have become a large part of the consumption of glass used in furniture manufacture, and for the reasons above stated has become a great hardship upon the American manufacturer, who has only this market in which to sell his product, because the waste in cutting is enormously increased thereby. To the European manufacturer who sells these sizes in this market, it is not nearly so important, because he has all the other markets of the world, in which these conditions do not exist; so that this particular difficulty exists only with reference to a part of his business whereas it exists with regard to all of ours. With this explanation, I trust you will be able to understand that the effort we made years ago to have something to say with regard to what those who buy from us should import was an effort to secure from them a fair distribution of the sizes embraced in their order.

Of course the foreign manufacturer prefers orders that are as miscellaneous as possible, and he would make a more favorable price on the miscellaneous sizes than he would on the bracket sizes. Many years ago we did for a brief time endeavor to compel parties who not only bought from us but also imported to give us a fair distribution of their business. In other words, that they should not give the foreigner all the cream, upon which he could get a special price, and give us the skimmed milk. We did not want to furnish bracket sizes exclusively, with a large attendant waste in cutting, and allow them to give the orders for more desirable sizes to the foreigner. Evidently Mr. Miles thinks it was perfectly fair to the importer to take "advantage" of us, but very wicked for us to try to protect ourselves against unfair discrimination. The elimination of the several brackets by the adoption of a flat rate of duty will, of course, eliminate all questions of this character. But with the large increase in cost that has taken place, through increased cost of labor and materials, beginning shortly after the passage of the Dingley Act, we have been in a constantly less favorable position and have been driven further and further out of business, so far as competition with the foreigners on small glass is concerned.

To give you further evidence on his repeated charge of "an increase of price of 100 per cent," we herewith show a schedule setting forth the prices that have existed in the United States in five-year periods for the past thirty years, and also for the current year.

The following table shows the prices for glazing glass at periods of five years from 1875 and to date:

	1875.	1880.	1885.	1890.	1895.	1900.	1905.	1908.
1 to 3 feet	$0.71	$0.51	$0.46	$0.40	$0.30	$0.31	$0.1875	$0.1875
3 to 5 feet	.81	.61	.55	.48	.36	.38	.225	.225
5 to 10 feet	1.12	.80	.72	.64	.48	.60	.36	.36
10 to 25 feet	1.49	1.06	.96	.85	.63	.81	.416	.39
25 to 50 feet	1.56	1.11	1.01	.89	.66	.85	.436	.408
50 to 100 feet	1.69	1.21	1.09	.97	.72	.90	.462	.432

These prices are the retail prices to the consumer for glazing glass and show the average prices that have prevailed in each of the years stated, which shows conclusively the unreliability of Mr. Miles's statement. These figures, when taken in connection with our earnings, show conclusively that the American consumer has not been robbed; and, furthermore, that inasmuch as about two-thirds of the glass consumed is under 10 square feet in area (24 by 60 inches), that the consumer has actually been supplied a large part at a loss to the producer.

Mr. Miles further says that—

About five months ago the plate-glass people got into a little quarrel among themselves and cut their prices 35 per cent. The factories have been running full time at this lower rate.

The truth of the matter is that of the 18 factories in this country only 1 or 2 have run continuously this year; the remainder have been shut down varying periods, from a month up to five or six months out of the year, due to the general stagnation of business. With this condition in existence, fierce competition resulted early in the year for what small proportion of the business was desirable in its character.

He further says:

These figures, however, do not indicate the extent of their control, because they hold substantially a complete control upon those larger sizes of glass, upon which the success of the business depends; the small sizes being only cuttings or salvage from defective or broken large sheets, wherein the profit lies.

If we were only compelled to sell as small sizes such small glass as results "only from cuttings or salvage," there would be some opportunity to do some of the things which he charges, but since the natural production of small sizes under 10 square feet (24 by 60 inches) is only about 25 per cent, whereas the actual consumption has grown until it is about two-thirds of the whole, you can see that he entirely misrepresents the real facts, because about 40 per cent of the consumption has to be cut out of large glass with heavy attendant losses.

In conclusion, I wish to call your attention to Mr. Miles's statement with regard to what he thinks he is entitled to in his own business.

Mr. Clark asked:

Do they [referring to people in Mr. Miles's line of business], in aiming at 15 per cent, sometimes make 25 per cent?

Mr. MILES. Back in the days of competition I made 30 per cent, buying my steel in the open market. Well, 30 per cent is too high. I made it on the book assets, but I made 20 per cent easily right along, and now that the trusts have put my costs up I make next to nothing.

And when Mr. Clark made a more definite inquiry as to "what is a reasonable profit," Mr. Miles said:

Why, 15 per cent per annum would be right good in our trade.

And yet because we have paid our stockholders an average of 4½ per cent and laid by a surplus averaging about 3½ per cent per annum, practically all of which, however, has been made from auxiliary sources, while out of the actual manufacture of plate glass we have made little or nothing, Mr. Miles regards us as having robbed the public, and charges the former Ways and Means Committee of having left the public wholly at our mercy. It would be interesting to know when he was making 30 per cent how he regarded himself.

All of which is respectfully submitted.

PITTSBURG PLATE GLASS COMPANY,
By W. L. CLAUSE, *President.*

STATE OF PENNSYLVANIA, *County of Allegheny, ss:*

I, W. L. Clause, of Pittsburg, Pa., president of the Pittsburg Plate Glass Company, being duly sworn according to law, do depose and say that the statements made in the foregoing brief, which pertain to the business of the said Pittsburg Plate Glass Company, are true, and that all other statements are true and correct to the best of my knowledge and belief.

W. L. CLAUSE.

Sworn and subscribed before me, a notary public, this 18th day of December, A. D. 1908.

[SEAL.]

L. A. BAILEY,
Notary Public.

My commission expires February 26, 1909.

PUMICE.

THE KIELGASS-LEHMAN COMPANY, CHICAGO, ILL., WISH NO INCREASE OF DUTY ON PUMICE STONE.

CHICAGO, *December 10, 1908.*

Hon. H. S. BOUTELL,
Washington, D. C.

DEAR SIR: The matter that I wish to call to your attention is pumice stone imported into this country from Italian points, principally from Messina and Genoa.

This material is brought in both in the original lump and in a powdered form. The present duty is $6 per ton on the powdered or manufactured product and a specific duty of 15 per cent on the lump or original pumice.

The duty on the powdered article is excessive when you consider that the original cost of this material in Italy is about $10 per ton,

making the duty about 60 per cent. The duty on the lump pumice stone is about right, and should be retained in the tariff list at that amount.

Several months ago the Italian Government imposed an export duty on this commodity, which was a further hardship when you consider the import duty of $6 per ton imposed on it by our Government.

This material does not come into competition with any American product, for the reason that the manufacturers who use Italian pumice find that they are unable to use " silica " or American pumice stone for their uses.

The finest silica can be produced and delivered in Chicago for about $7.50 per ton, as against a cost of $22 per ton on Italian pumice stone, so you will see that if it is a matter of protection the American industry is certainly fully protected.

Regarding the lump or original Italian pumice, there is none found in the United States that can be used in the manufactures and arts, and there should only be a duty for revenue, as there is nothing to protect.

This matter will be up in the Committee on Ways and Means, and is of very great importance to the pumice-stone importers. The T. J. Peterson Company, whom we represent, are very large importers and are vitally interested in having the tariff on this material reduced, but under no conditions do they want an increase of duty.

You will be giving the pumice-stone business and myself personally a boost by doing what you can along the lines of this letter.

Very truly, yours,

JOHN C. LEHMAN.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 41.

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COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

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SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
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WILLIAM K. PAYNE, *Clerk*.

TARIFF HEARINGS.

COMMITTEE ON WAYS AND MEANS,
Tuesday, December 22, 1908.

(The committee this day met, Hon. Sereno E. Payne in the chair.)

ADDITIONAL STATEMENT OF MR. W. A. GRAHAM CLARK, OF WASHINGTON, D. C.

Mr. CLARK. I am here to answer any question, but I would like to make one statement before that. Mr. Longworth asked me a question during the last hearing in regard to the difference of cost in production in England and America on some samples of Bradford stuffs that I submitted, four samples, and on which I showed the comparative cost in England and America. He called my attention to the fact that the weaving wage in America seemed to be four and one-quarter times that in England, and I told him that that was too large. I desire to call attention to the fact that the dyeing wage in England was separate, and if the dyeing wage was included with the weaving wage, so as to compare it exactly with the American, including the cost of the yarn and the finished cloth——

The CHAIRMAN. As I understand your statement, it contains both the weaving and the dyeing wage in this country, but only the weaving wage in Great Britain; is that it?

Mr. CLARK. Yes, sir.

The CHAIRMAN. Can you give us the weaving and the dyeing wage for both countries?

Mr. CLARK. On sample A, which is a cashmere made of cotton and low botany wool, the total cost in England is 15.6 cents a pound. In America the total cost is 26 cents a pound. The cost of the yarn to make that cloth in England is 9.3 cents a pound and in the United States it is 15.4 cents a pound; that is the cost of the yarn to make the cloth. The weaving wage in England would be 2.1 cents a pound and in the United States it would be 6.4 cents a pound, which is about three times. All other expenses in England would be 4.2 cents a pound and in the United States 4.2 cents a pound, making a total cost of 15.6 cents in England to our total cost of 26 cents. The figures of cost I gave before were correct, excepting that they were not exactly proportioned for comparison. In the English case they put the dyeing cost separate and in the American case it includes the weaving and the dyeing wage. One-third of the dyeing charge shown is for labor, which should be included in the total weaving wage.

The CHAIRMAN. How is it on all-wool goods?

Mr. CLARK. That was on cotton and wool goods. On sample C, which is an all-wool sateen, the total cost in England is 31.12 cents

and in the United States 70.7 cents. The yarn cost in England is 22.35 cents and in America 56.7 cents. The total weaving wage in England is 2.92 cents and in America 5.83 cents, and all other expenses in England 5.85 cents and in America 8.19 cents, making a total cost of 31.12 cents in England and in America 70.7 cents a pound.

Mr. CRUMPACKER. The big factor of difference is in the case of the wool?

Mr. CLARK. Yes, sir. In this latter case the yarn costs them 71.8 per cent of the total cost of the cloth.

The CHAIRMAN. You spoke of the duty on those goods where the warp was cotton and the filling wool, a specific duty. I do not remember what it was, but I think it was four times the duty on raw mineral wool—44 cents—was it not?

Mr. CLARK. The duty is four times the duty on the raw wool, plus 55 per cent ad valorem.

The CHAIRMAN. Where the warp is cotton?

Mr. CLARK. No; that is all wool.

The CHAIRMAN. Where the warp is cotton, what is it?

Mr. CLARK. The duty is 7 cents a square yard plus 55 per cent ad valorem.

The CHAIRMAN. What paragraph is that?

Mr. CLARK. Paragraph 368 of the tariff law. That is on part cotton and part wool cloths.

The CHAIRMAN. Then the duty on the wool part of this cotton-warp goods would not seem to be excessive compared with the duty on wool, would it?

Mr. CLARK. Well, the total duty on the cloth is 104.8 cents ad valorem.

The CHAIRMAN. I do not remember what the weight of those goods was.

Mr. CLARK. One yard weighs two-tenths of a pound—5 yards to the pound. That is sample A, a cotton and wool cashmere.

The CHAIRMAN. The duty on the weight was 35 cents a pound.

Mr. CLARK. A yard of this cloth equals 1.166 square yards.

The CHAIRMAN. What percentage of those goods is wool and what percentage cotton?

Mr. CLARK. The first sample was 29.8 per cent cotton and 70.2 per cent wool, or, say, 30 per cent cotton and 70 per cent wool, roughly.

The CHAIRMAN. Then the duty on wool is 52½ cents, upon that, to the pound; 7 cents a square yard?

Mr. CLARK. A square yard; yes.

The CHAIRMAN. And the duty on the weight is 7 cents a pound on goods under 17—that is over 17, is it not?

Mr. CLARK. Do you mean a pound or a yard?

The CHAIRMAN. A yard.

Mr. CLARK. A square yard costs 14.7 cents.

The CHAIRMAN. Then it is under 15 cents?

Mr. CLARK. Yes, sir.

The CHAIRMAN. And the duty per square yard is 7 cents specific; and you say there are 5 yards of that to the pound?

Mr. CLARK. Yes, sir.

The CHAIRMAN. And 66⅔ per cent, or about, of that is wool?

Mr. CLARK. Yes, sir.

The CHAIRMAN. So that the weight of the wool in 7½ yards will be a pound?

Mr. CLARK. Five yards to the pound.

The CHAIRMAN. That is of the wool material, and two-thirds of that weight is wool.

Mr. CLARK. Yes.

The CHAIRMAN. So that you add 50 per cent to the 5 yards, making 7½ yards, which would contain a pound of wool?

Mr. CLARK. Yes; roughly.

The CHAIRMAN. And the duty on 7½ yards would be 52½ cents a pound on the wool in those goods. What is the filling made of?

Mr. CLARK. Worsted yarn. It is made of wool, but it is worsted weft, cotton warp and worsted weft.

The CHAIRMAN. What is the weight of the wool in the grease, in the process of manufacture of worsted yarn?

Mr. CLARK. Ordinarily it would be between 40 and 50 per cent. From a hundred pounds of greasy wool you ordinarily get from 40 to 50 pounds of clean wool.

The CHAIRMAN. Worsted yarn?

Mr. CLARK. No; not worsted yarn. It is this way: Suppose you get 50 pounds of clean wool per 100 pounds of greasy wool, then you will get, say, 80 per cent tops from the clean wool, and that makes from the 100 pounds of greasy wool 40 pounds of tops. There is a little waste in combing; but it does not amount to one-half of 1 per cent. You get 40 pounds of tops from 100 pounds of greasy wool. Supposing 7½ per cent spinning waste and 2½ weaving and finishing waste, you finally get 36 pounds cloth from 100 pounds greasy wool. The shrinkage varies with the different kinds of wool, but these figures give an idea.

The CHAIRMAN. There were some statements made here that the waste in manufacturing wool into yarn, for instance, varies with the different varieties of wool all the way from 18 to 75 per cent. Do you know of any wool that wastes as high as 75 per cent in the process of manufacture from wool into yarn or into cloth?

Mr. CLARK. It is this way, Mr. Chairman: You will get from 100 pounds of greasy wool ordinarily 40 to 50 pounds of clean wool, and sometimes only 30 pounds, but that would be exceptional.

Mr. HILL. Sometimes only 25 pounds in the Australian wool?

Mr. CLARK. Possibly; and in some of this South American wool, where it is very burry and greasy, sometimes 30 per cent, and possibly down as low as 25 per cent; but I have not heard of a case as low as that.

The CHAIRMAN. What is the waste on domestic wool?

Mr. CLARK. From the territorial wool, out in Wyoming and those places, ordinarily you will get about one-third, 33⅓ per cent—33⅓ pounds of clean wool from 100 pounds of greasy wool.

The CHAIRMAN. How about Ohio?

Mr. CLARK. In the Ohio wools you will get a much larger percentage; I should say at least 40 pounds from 100 pounds of wool—40 to 50 pounds.

The CHAIRMAN. How about the Rocky Mountain wool, if you might call it by that name? Do you say you sometimes only get 33⅓ per cent?

Mr. CLARK. Yes, sir.

The CHAIRMAN. Is that a fair average?

Mr. CLARK. I think it is a fair average for the western wool.

The CHAIRMAN. Is there any domestic wool where you get less than that?

Mr. CLARK. Oh, yes; on the Ohio "XX" wool, and other better grades of eastern wools.

The CHAIRMAN. Less product, I meant?

Mr. CLARK. Oh, no; less waste.

The CHAIRMAN. Then there is less product out of the Rocky Mountain wool than any other?

Mr. CLARK. Yes, sir.

The CHAIRMAN. How about the Texas wool?

Mr. CLARK. There are different grades of that. Some of that is like the far western wools, and the other the better grades of wool, like the Ohio wool. I hardly know how it would average.

The CHAIRMAN. Is the Missouri wool a better grade than Rocky Mountain wool?

Mr. CLARK. I think it is a better grade. I am not very well posted on those subjects excepting in a general way, but my impression is that it is a better wool than the far western wool.

The CHAIRMAN. The figures you have given us have been on the Ohio wools, and the general run of the Rocky Mountain wools, and also you have stated that the Texas wool is of different grades?

Mr. CLARK. Yes, sir. Take 100 pounds of greasy wool, an average case, and you will get from that several things. There are, first, the foreign matter, which is dirt and trash and burrs, which will amount ordinarily to about 18 per cent. Then, secondly, there is dried perspiration, say 18 per cent. Then, thirdly, wool fat, say 18 per cent. That leaves about 46 per cent of clean wool. From the dried perspiration they recover potash, and the residue is made into low-grade chemical fertilizers. From the wool fat is recovered an excellent salve called "lanoline," and there is also resulting a complete emulsion which is used again in washing other wools. So that is not all waste; they recover a small percentage of the money value of the waste made in scouring.

The CHAIRMAN. Have you examined into the carpet wools to ascertain what percentage of those wools were fit for combing?

Mr. CLARK. I think there is very little fit for combing; they are not combing wools.

The CHAIRMAN. It is contended that a portion of the fleece is fit for combing, and sorted for that purpose.

Mr. CLARK. Well, it is possible; but I think it would be a very small proportion, because those carpet wools are low-grade, short wools usually. What we buy of this from England comes from such mountain sheep as the Highland, the Cheviot, the Welsh, and similar breeds, and the wool, as a rule, is short and nappy, coarse wool, very little fit for combing—possibly some, but not a large portion. Some of this wool is short and fine and other varieties are longer, but scarcely any of it could be classed as a combing wool.

The CHAIRMAN. You did not give us figures on these other specimens of goods which you have—the prices in Great Britain—did you?

Mr. CLARK. I think that is in the publication—in my general report that is being printed.

The CHAIRMAN. So that you have gone into the details upon that. I think you said that you had 12 samples?

Mr. CLARK. Eighteen altogether.

The CHAIRMAN. That you have examined into, of all kinds of woolen cloth.

Now, Mr. Clark, as to these mixed goods—cotton warp and wool filling: Is it possible to get more wool than the 66⅔ per cent in goods of that kind? Is it possible to increase the proportion of wool?

Mr. CLARK. Oh, certainly; you can use any amount of wool or cotton you wish.

The CHAIRMAN. You could increase that?

Mr. CLARK. Certainly. Lots of cloths do not contain more than 10 per cent of cotton and 90 per cent of wool; it is simply a question of weaving.

The CHAIRMAN. You have to have enough cotton warp to hold it together?

Mr. CLARK. Very often they make union cloths, and the warp will be cotton and wool mixed in the yarn; that is, the yarn will not be all cotton.

The CHAIRMAN. What I am speaking of is the pure cotton warp—getting more than 66⅔ per cent of wool into the filling.

Mr. CLARK. It is possible, but I do not think it would be done ordinarily. If you get more than 66⅔ per cent of wool—that is, of weft—you would have to make a very coarse weft as compared with the cotton warp.

The CHAIRMAN. Would it be possible at the custom-house—feasible or practicable—to ascertain the weight of the wool in those cotton-warp goods?

Mr. CLARK. Yes, sir; very easily; and it is a very nice little problem. Take a piece of cloth that is made of cotton and of worsted—say cotton warp and worsted weft; you would soak it in 5 per cent solution of sulphuric acid or oil of vitriol. As the water is driven off, the acid attacks the cotton and leaves the wool. If you will look at it you will then see the cotton warp showing where the vegetable cellulose has been changed to a friable hydro-cellulose. Shake it and this drops to powder, leaving you only the ends of wool weft.

The CHAIRMAN. That is a comparatively simple process and can be done exactly?

Mr. CLARK. Exactly. Weigh the sample before, and weigh what is left.

The CHAIRMAN. Is it practicable to fix a rate of duty per pound of the wool contained in those goods?

Mr. CLARK. Yes, sir. The only difficulty is this, Mr. Chairman, that when you speak of wool in the cloth you might mean shoddy or pure new wool.

The CHAIRMAN. I do not see how you can separate shoddy very well.

Mr. CLARK. You can not change by this test because it is wool, but you can separate the cotton very easily.

The CHAIRMAN. Is shoddy a desirable thing, or not, in the manufacture of woolen goods?

Mr. CLARK. I think it is very desirable. It ought to be sold as shoddy, however, and as such it is a very valuable addition to the clothing requirements of the world.

The CHAIRMAN. It saves the wool?

Mr. CLARK. Yes, you might put it that way.

The CHAIRMAN. And the woolen rags that are obtained in this country are used in the shoddy mills in making shoddy?

Mr. CLARK. Yes, sir.

The CHAIRMAN. That is practically their only use, is it not?

Mr. CLARK. Yes, sir.

The CHAIRMAN. So that a duty that prohibits the importation of rags and of shoddy deprives our manufacturers of a valuable raw material?

Mr. CLARK. It means that we pay a higher price for shoddy cloths than the Englishman pays.

The CHAIRMAN. The shoddy makes cheaper goods, of course.

Mr. CLARK. Certainly; yes, sir.

The CHAIRMAN. Can you state whether it is economical for the consumer to buy shoddy goods at shoddy prices in comparison with good woolen goods at woolen-goods prices; I mean woolen goods made from wool?

Mr. CLARK. It would depend entirely on how it is made up, but if the shoddy is all good grade it is economical compared with the wool. Take tailor's clippings. When a tailor makes a suit of clothes and he shears off the scraps, that wool is just as good as the wool in the suit of clothes. If you tear it up a little so as to get it into its original condition for reworking, you will find that the fiber is injured somewhat, but not materially. You put that in a new suit of clothes and it is almost as good as the new wool, yet one is shoddy and one is wool.

The CHAIRMAN. To equalize the conditions, what proportion of duty on shoddy would equal the duty on the wool per pound at the present rates of duty, for instance?

Mr. CLARK. That is a question that I am afraid goes further than my technical knowledge does. The duty on wool imported is about one-third of its value, landed at the American mill, is it not? Say, if the wool was worth in England 22 cents, it will make it 33 cents here; so the duty is one-third of the value, is it not?

Mr. DALZELL. Yes.

Mr. CLARK. Then in England their average imports of rags for shoddy making cost about 6 cents a pound, so that if we were to import the same rags the duty in the same ratio as for wool would be only 4 cents, but there are different ways of looking at it.

The CHAIRMAN. Does England import shoddy?

Mr. CLARK. Neither they nor we import shoddy cloth.

The CHAIRMAN. I mean the shoddy itself?

Mr. CLARK. I do not think there is any imported in England, not much anyhow; they export it.

The CHAIRMAN. They consume the shoddy that comes from the manufacture of goods in the shearing, and so forth, in their mills?

Mr. CLARK. Yes, sir.

The CHAIRMAN. Every well-regulated mill consumes that as they go along?

Mr. CLARK. The woolen, not the worsted. The worsted mills do not use shoddy excepting to a slight extent, but the woolen mills have their own shoddy plants, and there are separate shoddy plants be-

sides. A large number of woolen mills make their own shoddy to use again.

The CHAIRMAN. Are you able to say, with regard to these samples of all-wool goods, the proportion of the finished product to the wool in the grease? To make a pound of goods, how many pounds of wool in the grease, in those samples?

Mr. CLARK. I haven't got it figured out on these exactly, but it will be about 3 pounds.

Mr. HILL. On what weight goods?

Mr. CLARK. Well, say, on ordinary 16-ounce goods.

The CHAIRMAN. Three pounds of finished goods?

Mr. CLARK. Yes; that is, the quality of wool to make a cloth like that [exhibiting sample], about 3 pounds.

Mr. HILL. What was the shrinkage on that wool; 66⅔ per cent you said, did you not?

Mr. CLARK. From the wool to the finished goods?

Mr. HILL. From the greasy wool to the clean wool?

Mr. CLARK. About 50 per cent.

The CHAIRMAN. Now, in the weaving, Mr. Clark, what is the waste on wool in the weaving and shearing of the cloth?

Mr. CLARK. Well, taking the combing first, the waste is very slight, only about one-half of a per cent. In spinning, the waste would be about 7½ per cent.

The CHAIRMAN. In the simple process of weaving and shearing the cloth?

Mr. CLARK. I would not say that it would be more than between 2 and 5 per cent—not over 5 per cent.

The CHAIRMAN. And all of that waste is substantially in the shearing?

Mr. CLARK. Therei s some in the weaving.

The CHAIRMAN. The large percentage of it is in the shearing, is it not?

Mr. CLARK. Well, I should not say so. There is not a great deal of waste in the shearing——

The CHAIRMAN. What percentage is there in the shearing?

Mr. CLARK. In the shearing itself—that is only one process of finishing—I would say, ordinarily, not more than one-fourth of 1 per cent.

The CHAIRMAN. Now, as to the waste in the weaving, is that lost, or are they able to recover that in the shape of shoddy?

Mr. CLARK. They recover part of it in the shape of shoddy.

The CHAIRMAN. So that the 5 per cent is not lost excepting it is converted into shoddy.

Mr. CLARK. Not a money loss; no, sir.

The CHAIRMAN. What is the worth or value of that shoddy compared with the yarn that goes into the cloth, the wool in the yarn, in the weaving?

Mr. CLARK. It depends upon what you make that shoddy from.

The CHAIRMAN. I say, what is the comparative worth of that?

Mr. CLARK. It depends upon what shape the shoddy is in. If it is in the shape of yarn, pieces of weft left over on the bobbin, it is almost equal in value, very slightly less; it might be only 10 per cent less.

The CHAIRMAN. What proportion would be in the shape of yarn?

Mr. CLARK. I should say in the weaving not more than 1 per cent.

The CHAIRMAN. One per cent of the whole amount?

Mr. CLARK. I did not say 5 per cent altogether. From the weaving to the finished cloth I should say the waste was not over 5 per cent—from 2 to 5 per cent—5 per cent in exceptional cases.

The CHAIRMAN. One per cent of waste would be in the yarn?

Mr. CLARK. Yes, sir.

The CHAIRMAN. And the remaining percentage is shoddy?

Mr. CLARK. Well, there is an invisible waste when you shear off the cloth. If you raise a high nap and shear it off, you get a kind of a wool dust that you can use to face other cloths with, but the value of that is low. But as to the invisible waste, the cloth loses that in weight, and you do not recover anything from that.

The CHAIRMAN. I understood you to say that you recovered it all?

Mr. CLARK. Not all; no, sir.

The CHAIRMAN. How much of it would there be in the invisible waste that you could not recover? I am trying to get at the value of that shoddy that is made in weaving. I do not know whether it is an improper question or not, but what I want to get at is the value of that stuff compared with the value of the yarn that goes into the cloth.

Mr. CLARK. I do not know of any way that you can get it excepting this: The shoddy materials imported into Great Britain are worth about 6 cents a pound, and the shoddy materials obtained there are about 5 cents a pound.

The CHAIRMAN. That includes the shoddy as it runs?

Mr. CLARK. Say, 5 cents a pound for the shoddy materials.

The CHAIRMAN. Suppose that shoddy is 5 per cent, how much of it is recovered on the average?

Mr. CLARK. If the waste from the weaving and finishing process is 5 per cent, you might recover, say, 2½ per cent of this, but not necessarily fit for use as shoddy.

The CHAIRMAN. And it would be worth 6 cents a pound?

Mr. CLARK. About 5 cents. Imported shoddy is 6 cents. The shoddy materials obtained at home in Great Britain are cheaper because they do not have the freight.

Mr. HILL. The bulk of the wool used in the United States is Rocky Mountain wool. Missouri, Ohio, and Vermont wool is a negligible quantity compared with the Wyoming, Idaho, Montana, and the Utah and other Rocky Mountain states wools?

Mr. CLARK. I understand so.

Mr. HILL. Have you had practical experience in woolen manufacture?

Mr. CLARK. I have not.

Mr. HILL. Your testimony then is purely theoretical and scientific, not practical?

Mr. CLARK. Not exactly that. I am a practical cotton manufacturer. I was in the cotton manufacturing business for six years, and then abroad I have been through lots of woolen mills, and studied the process, talked with the manufacturers, and I think I understand the wool business fairly well.

Mr. HILL. There is no doubt about that whatever; I judge that from the testimony given the other day. But I have had practical

experience, and I want to get information from you on one or two subjects. You have not been, in your business, a buyer of wool?

Mr. CLARK. No, sir.

Mr. HILL. You have no actual knowledge as to the average shrinkage of the Rocky Mountain wools, which is the great staple product of the United States so far as wool is concerned?

Mr. CLARK. I have no actual knowledge excepting what is contained in the textile magazines and papers and what I have learned from talks with men in the business.

Mr. HILL. I understood you to say a moment ago that the average of the Rocky Mountain wools would shrink about two-thirds, leaving about one-third clean wool?

Mr. CLARK. Yes, sir.

Mr. HILL. Do you know what the comparative shrinkage of Australian wools is?

Mr. CLARK. It is the largest rival of American wools in our domestic consumption.

Mr. HILL. Is it greater or less?

Mr. CLARK. I think the shrinkage will average less than our western wools, but you know there are many different grades there. They grow all grades, from coarse wool to fine merino.

Mr. HILL. I mean the Australian clothing wool, which the average American woolen manufacturer buys. As a matter of fact, will it not shrink even more than the Rocky Mountain wools?

Mr. CLARK. Not as much; no, sir.

Mr. HILL. What would be the percentage, 65, 66, or 70 per cent?

Mr. CLARK. It is hard to average a big crop of wool like that of Australia, but I should say that they will get at least 40 pounds of clean wool where we get from territory sheep 33⅓ pounds.

Mr. HILL. Say, 60 per cent shrinkage?

Mr. CLARK. That is a large allowance, however, and we import grades of wool with as little shrinkage as possble so as to save paying duty on wool we don't get.

Mr. HILL. Now, in a piece of uniform cloth, which the Government buys in very large amounts, I was told the other day by a woolen manufacturer that it took 22 ounces of clean wool to make 16 ounces of cloth. Is that a fair statement? That includes the scouring, the going through all the processes of weaving and spinning and dressing and being finally a finished cloth. That would be slightly in excess of the 5 per cent which you just mentioned. He said 22 ounces of clean wool to make 16 ounces of cloth was the uniform rule of allowance in government uniform cloth. Is that excessive or is it fair?

Mr. CLARK. That is about 25 per cent waste, is it not?

Mr. HILL. As 2 is to 16. You said 5 per cent waste.

Mr. CLARK. Yes, sir; that is excessive, if from the tops to the finished cloth. I did not say 5 per cent, but from the weaving to the finishing——

Mr. HILL. The whole process.

Mr. CLARK. My statement is 7½ per cent waste in the spinning and not over 5 per cent waste, say 2½ per cent waste, in the other processes. That is 10 per cent. Twenty-five per cent is a large allowance. On some cloths it may go to that, but it would not be the normal.

Mr. Hill. His statement to me was that that was his uniform estimate in making his estimate for government contracts in supplying the Government; that he figured 22 ounces of clean wool to make 16 ounces of cloth. In your judgment, was he making a large, a small, or a fair estimate?

Mr. Clark. Uniform cloths—I do not know but what he is right. Uniform cloths and broadcloths are two types of goods in which the finishing process is carried further than in almost any other kinds.

Mr. Hill. In that cloth you do not think it would be unfair, considering the processes that that goes through.

Mr. Clark. If you mean from tops to cloth, it would be excessive, but if from clean wool to finished cloth it would be all right.

Mr. Hill. You did state, didn't you, that the average shrinkage of wool—what wool did you refer to as being two-thirds, leaving one-third clean wool?

Mr. Clark. In an ordinary good grade of cross-bred wool we would get from 40 to 50 pounds of clean wool from 100 pounds of greasy wool.

Mr. Hill. I figured out last evening, on the basis of 22 ounces of clean wool making 16 ounces of government uniform cloth, what the compensatory duty should be on the basis of the different shrinkages; and I would like to submit those to you, have you look them over after you go, and see whether it is right or wrong. On that basis of 22 ounces to 16 ounces, with a 50 per cent shrinkage, the compensatory duty would be $2\frac{3}{4}$ to 1. On a basis of 60 per cent shrinkage the compensatory duty would be $3\frac{7}{16}$ to 1. On a basis of $66\frac{2}{3}$ per cent shrinkage, which is what I understood you to say the average was, the compensatory duty should be $4\frac{1}{8}$ to 1. On the basis of 4 to 1, which is the present duty, the shrinkage would be 65.7 per cent, which is less than you state to be the average.

Mr. Clark. I beg pardon; I did not state that the average shrinkage is two-thirds. I stated that on the territorial wools. But taking the wools altogether, including Territory, Ohio, Vermont, imported wools, etc., I should say of the wools used by our manufacturers they would get from 40 to 50 pounds of clean wool from 100 pounds of greasy wool.

Mr. Hill. As a matter of fact, have the woolen manufacturers of the United States any source of reliance whatever upon domestic wools excepting on the territorial wools? Can they put any reliance, for manufacturing purposes, on wool on the Ohio or Missouri or Vermont, or any eastern state wool?

Mr. Clark. The eastern wools are a smaller proportion of the total, but still they amount to quite a little, and it is of finer grade.

Mr. Hill. Do they not rely, as a general proposition, on the territorial wools?

Mr. Clark. Yes, sir.

Mr. Hill. On the basis of $66\frac{2}{3}$ per cent shrinkage I figure that the compensatory duty should be $4\frac{1}{8}$ to 1, and on the extreme of 75 per cent shrinkage the compensatory duty should be $5\frac{1}{2}$ to 1. Now, will you not kindly go over those figures after you leave the stand and ascertain whether they are correct or not?

Mr. Clark. Yes, sir.

Mr. Hill. Now, with reference to the question the chairman asked you in regard to the use of rags, is it not a fact that good woolen rags

run through a picker and made up into material for manufacture give a longer, better, and a stronger fiber than shoddy that comes off the wool in the process of making and is swept up from the floors of the mills?

Mr. CLARK. I do not understand the question.

Mr. HILL. If the rags are taken and broken up and run through the picker and made into fiber, is not that fiber better and longer and stronger in every way than the shoddy that is made incidentally as waste in the process of manufacture?

Mr. CLARK. That is shoddy.

Mr. HILL. I know; but is not the shoddy made from rags a better class of shoddy, with a longer and better fiber, with something of a fiber?

Mr. CLARK. There are different grades of shoddy. If you make it from fine cloth the shoddy is very much better than if it is made from low-grade cloth, if I understand your question correctly. You know we speak in general terms of shoddy. Technically, shoddy is only one variety of material for reworking, and is made by tearing up soft unmilled goods, such as soft woven rags, stockings, etc. The product of hard woolens, tailors' clippings, etc., should be called "mungo." Then there is "extract," "merino," "worsted," and other types which are special varieties and usually named after the goods of which they were originally a constitutent part.

The CHAIRMAN. Shoddy, made in that way, is more like pieces of yarn, is it not?

Mr. CLARK. It is run through a rag machine, usually called "a devil," which consists of a big cylinder with spikes on it inclosed in a box, and as the rags are fed into the machine between feed rollers the spiked cylinder tears them up into the original fiber. As there are different grades of cloth, so there are different grades of shoddy.

Mr. HILL. I am speaking of shoddy made from the rags, not made from the original manufacture. Do you know why that should be prohibited, practically, in the United States?

Mr. CLARK. Some of these grades are better than wool.

Mr. HILL. Do you know why there should be any prohibition of the use of that kind any more than there should be of the use of cotton rags?

Mr. CLARK. No, sir.

Mr. HILL. Cotton rags are admitted free, are they not—absolutely free?

Mr. CLARK. I do not know about that.

Mr. HILL. Now, Mr. Clark, is it not a fact that——

Mr. CALDERHEAD. There is no reason except that it displaces that much wool?

Mr. CLARK. I do not think it displaces wool.

Mr. CALDERHEAD. You do not think it really displaces that much wool?

Mr. CLARK. No, sir.

Mr. HILL. Is not the compensatory duty just or unjust in accordance with the compensatory duty on wool? If it shrinks a certain amount it should be fixed at a certain rate, but you can not fix it except by striking an average, so that this committee in finding out whether that should be increased or decreased on a basis of four to one must determine the average shrinkage in American manufacture?

Mr. CLARK. Yes, sir.

Mr. CALDERHEAD. You think the shoddy does not displace the use of wool?

Mr. CLARK. No, sir; the use of wool and of shoddy go together; they are used together. The use of shoddy assists the use of wool, because you can not use shoddy by itself. You have got to mix in some new wool with it. If we did not use shoddy at all and used wool only, the poorer people would buy only cotton cloths. But as it is, lots of them will buy shoddy cloths, and that calls for the use of new wool to mix in with the shoddy.

Mr. HILL. Is it not a fact that shoddy and rags and all those substitutes for wool are not used for making yarn, but are used for filling in making cloth?

Mr. CLARK. They are mainly used for filling. The shoddy itself has to be mixed with some wool.

Mr. HILL. To give it a little weight?

Mr. CLARK. To give it strength.

Mr. CRUMPACKER. Mr. Clark, what, if anything, do you know about the tendency of the manufacture of high-class woolen fabrics in this country toward depreciation of quality, toward the introduction of more cotton, and the making of lighter weights? Have you noticed any tendency of that kind in the character of woolen fabrics?

Mr. CLARK. Well, in this way: The government production census report shows that there is an increasing percentage of shoddy and cotton in the total amount of goods made in the woolen mills of this country. There is a larger percentage of shoddy and of cotton every year.

Mr. CRUMPACKER. Yes. Have you given any study to the commercial side of this question with a view to determining the extent of that depreciation of quality and what the cause of it is?

Mr. CLARK. You mean as to what percentage of cotton there is to the wool?

Mr. CRUMPACKER. What the cause of it is. For instance, is it not the result of the high cost of raw material and high cost of production?

Mr. CLARK. Yes, sir. The material is the main thing. The high price of wool is the main thing. But I may say that that is going on also in England. They also are using more and more shoddy and more and more cotton.

Mr. CRUMPACKER. Do we manufacture to any considerable extent all-wool goods in this country?

Mr. CLARK. Yes, sir; certainly.

Mr. CRUMPACKER. We do?

Mr. CLARK. Yes, sir. I think Mr. Champ Clark made a statement here the other day that a man told him he could not get any all-wool goods in a store. That merchant went a little too far. There is a very large amount of woolen goods containing shoddy, cotton, and other materials, but there is a large trade also in pure all-wool clothing—a smaller percentage of the total, but still large.

Mr. CRUMPACKER. Yes. He said that one of the leading merchants told him it was impossible to buy a suit of clothes or an overcoat in the city of Washington made of all wool.

Mr. HILL. That is pure nonsense.

Mr. CRUMPACKER. I wondered at that.

Mr. LONGWORTH. Mr. Clark, how much would a suit of clothes made of all wool cost in the city of Washington?

Mr. CLARK. You could get it for $35. You might get it cheaper than that—for $25. It depends on the finish and weight of goods.

Mr. LONGWORTH. You can not get it for less than $25, all wool?

Mr. CLARK. You can get it down very low if you include shoddy in that. Shoddy is wool, you know.

Mr. CRUMPACKER. You are speaking of custom-made clothing now, Mr. Clark?

Mr. LONGWORTH. I mean ready-made.

Mr. CLARK. You can get an all-wool suit at almost any price. It depends on the quality and finish, you know. Of course a suit of clothes at $25 would not probably be altogether new wool.

Mr. LONGWORTH. We had on the stand a witness the other day who had on a suit of clothes that cost $12.50. Is it possible that that could have been all wool?

Mr. CLARK. It is possible, but it is not probable. Shoddy may have been mixed in with it. I am not a cutter, but I think it takes 3¼ yards of cloth to make a suit of clothes, and you can buy all-wool cloth for a dollar a yard—some grades of it. That would be $3.25 for the cost of material. Then the making up and cutting would involve a further cost. It is more probable that it had some shoddy mixed in with it.

Mr. HILL. Mr. Clark, a week or two ago I think you were testifying here before, and the statement was made of excessive duties on woolen goods, ad valorem, 140 to 150 per cent. It has just been referred to again.

Mr. CLARK. Yes, sir.

Mr. HILL. Is not that entirely due to the duty on wool, aside from the ad valorem, the ad valorem which supplements the compensatory duty?

Mr. CLARK. I think the compensatory duty is the larger percentage of the total, certainly on all wool goods.

Mr. HILL. Is it as high as it is on silk goods, 60 per cent? Is it as high as it is on cotton goods, the ad valorem? Is it not lower than on either, and were not the high ad valorem duties quoted here a week ago wholly due to the compensatory duty on wool, changed from specific to ad valorem?

Mr. CLARK. Yes.

Mr. HILL. Is there any compensatory duty on cotton goods? Of course not.

The CHAIRMAN. You did not let him answer the other questions.

Mr. HILL. No.

The CHAIRMAN. There is, of course, 55 per cent of manufacture; that is not the compensatory duty on wool.

Mr. NEEDHAM. Mr. Hill is doing all the testifying, answering his own questions. [Laughter.]

Mr. HILL. I want to see if we can correct that mistake somewhere.

Mr. CLARK. The total duty on this all-wool sateen, Sample C, amounts to an equivalent ad valorem duty of 115.7 per cent, and of this the compensatory duty is 53 per cent ad valorem, and the other duty is 47 per cent.

Mr. HILL. Now, what is the ad valorem on the manufactures of silk?

Mr. CLARK. I do not know about that.

Mr. HILL. That is higher than wool? What is the duty, ad valorem, on the manufactures of cotton? You are a cotton manufacturer, are you not?

Mr. CLARK. Yes; but I have not looked into the tariff.

Mr. HILL. On articles not otherwise provided for it is 45 per cent, but on specific articles it is higher than that, I think. Then, striking off the compensatory duty from the manufactures of woolens, does it average higher than silk and cotton, or lower?

Mr. CLARK. I think the duties would be about 50 per cent ad valorem. If you struck off the compensatory duty, it would be about 50 per cent.

Mr. HILL. Then, the real question is not the question of ad valorem, of the higher duty, but the question of ad valorem on the protective part of the duty, is it not, as to whether it is high or low?

Mr. CLARK. I did not quite catch that.

Mr. HILL. If they are compelled to pay 44 cents a pound duty on wool, does that proposition enter at all into the protective tariff which the wool manufacturer has on the finished goods?

Mr. CLARK. It is no protection at all to the woolen manufacturer. It is a protection to the woolgrower.

The CHAIRMAN. Is that 44 cents more than is necessary for the protection of wool? Whatever there is in addition to that goes to the protection of the manufacturer?

Mr. CLARK. Yes. If you have not got the right ratio——

The CHAIRMAN. That is what I am trying to find out, whether the full amount of that 44 cents is required for protection.

Mr. HILL. That is why I spent a tired evening last evening—to determine whether it was compensatory or protective or not sufficiently compensatory; and I have asked Mr. Clark to go over these figures after he is through and ascertain that fact. It depends, it seems to me, wholly on the average shrinkage of the wool that the American manufacturer uses, and Mr. Clark has testified that the average shrinkage is two-thirds, and the compensatory duty is from one-seventh to one-eighth too small.

Mr. CLARK. I said that out of 100 pounds of the average wool that the American manufacturer uses you would get 40 or 50 pounds of clean wool. Of the territorial wool you would get only about 33 pounds out of 100.

Mr. HILL. On the exact basis of 4 to 1 the shrinkage would be about 65.7.

The CHAIRMAN. I do not see how that could be accurate figuring if it takes 3 pounds of wool to make 1 pound of wool as used in the cloth. Then the compensatory duty would be three times the amount of wool?

Mr. HILL. Oh, no.

The CHAIRMAN. I will look over your figures and ascertain.

Mr. HILL. If you stop with the cleaning of the wool, that is true; but if you take that clean wool and put it into cloth——

The CHAIRMAN. You did not say clean wool.

Mr. CRUMPACKER. Wool shrinks in foreign countries as well as here, does it not?

Mr. HILL. The wool shrinks from the raw or greasy state to the condition of clean wool?

Mr. CLARK. Yes, sir. Suppose you take 100 pounds of clean wool, and it shrinks 50 per cent, then you get 50 per cent of clean wool. If you comb that out and you get 80 per cent tops, then out of the 100 pounds of greasy wool you get 40 pounds of tops. If the waste from tops to cloth came to as much as 10 per cent, then you would get 36 pounds cloth from 100 pounds greasy wool.

The CHAIRMAN. Has the gentleman any further questions on the subject of wool? Mr. Clark has made a report on wool and also on lace curtains—did you not, Mr. Clark?

Mr. CLARK. Yes, sir.

The CHAIRMAN. Now, as to lace, you made a visit to the Nottingham district and made a very exhaustive study of the situation there, and then you studied the Calais district?

Mr. CLARK. Yes; both the Calais district and the Nottingham.

The CHAIRMAN. And you made an exhaustive report on that, of which the proof sheets are now in the department?

Mr. CLARK. Yes, sir.

The CHAIRMAN. Have you made any comparison of the labor cost between those places in foreign countries and the United States?

Mr. CLARK. Only in a general way, because I did not have the American figures except by publication.

The CHAIRMAN. Is that embodied in your report?

Mr. CLARK. Yes, sir. In the embroidery industry in St. Gall I have got the foreign and American figures contrasted, and the lace manufacturers who have been here before you have contrasted those figures. Mr. Kursheedt gave you the figures.

The CHAIRMAN. Do you know whether any of the machinery for the manufacture of lace is made in the United States?

Mr. CLARK. No, sir; none is made in the United States.

The CHAIRMAN. And there is none made here, and no attempt to make it, so far as you know?

Mr. CLARK. No, sir.

The CHAIRMAN. I think some person said the other day that some portions of the woolen machinery are not made in the United States at all.

Mr. HILL. I do not know. I do not remember any such testimony. I know the testimony was that no lace machinery was made here. I do not think it is a fact as to woolen machinery.

Mr. CLARK. We import some, but I think the great bulk of the woolen and worsted machinery is now obtained at home.

The CHAIRMAN. I noticed one machine that probably is made in the United States in the manufacture of lace. It is stated that a late improvement is the use of a Singer sewing machine in binding the edges, trimmings, etc.

M. CLARK. That is not lace manufacture. That is lace finishing. That is simply binding the edge of the curtain.

The CHAIRMAN. As to the other machinery for the weaving the lace, etc., none of it is made in the United States?

Mr. CLARK. No. That machinery that they use there and which we import is not made in the United States.

The CHAIRMAN. Is the machine used in making netting similar to the mosquito netting made abroad?

Mr. CLARK. Yes, sir.

The CHAIRMAN. So that it has to be imported into the United States and has to pay a duty of 45 per cent here?

Mr. CLARK. Yes, sir; that is the point I made, that it was a duty against our own manufacturers, and for the protection of the foreigner.

The CHAIRMAN. Did you make any examination of any other textile industry? Did you examine the silk industry?

Mr. CLARK. No, sir; not silks at all.

The CHAIRMAN. Only cottons and woolens?

Mr. CLARK. Yes. I also made a short report on the jute industry in Dundee, in Scotland.

The CHAIRMAN. I notice in the report that you said in the Nottingham district they had adopted a custom that had been arranged with the United States with relation to St. Gall lace, of having a sort of commission to fix the price for three months, and that that was abandoned at Nottingham because they could not get the same bills as Calais.

Mr. CLARK. The United States Treasury agent at St. Gall makes up the manufacturers' prices every week, and those official figures have to be accepted by exporters at St. Gall.

The CHAIRMAN. How does it work in St. Gall?

Mr. CLARK. It works very well. It was first started about five years ago, and there was a great kick among the manufacturers about it, but now they are all in favor of it, because it works uniformly, and the big shipper does not have an advantage over the little shipper. If they ship the same style of goods they have to pay the same duty.

The CHAIRMAN. I suppose they have a class of goods where it is difficult to ascertain the precise market value?

Mr. CLARK. Yes, sir.

The CHAIRMAN. I understand they have adopted some rule in the Nottingham district by which they pay the weavers by the piece. I gather that by a hasty glance at the report since I have come in here, and you have reported very fully on these piece wages in the Nottingham district.

Mr. CLARK. Yes, sir; you will find it very difficult to understand, as I did. The system of piecework payment in lace mills is very intricate and difficult to understand.

The CHAIRMAN. Is it not true, Mr. Clark, that in the large cities the trade unions in connection with the government of the cities have in many instances fixed a scale of wages for the different kinds of employees?

Mr. CLARK. Yes.

The CHAIRMAN. And different occupations of employees?

Mr. CLARK. Yes. Wherever the employees organize strongly they do that. They have done that at Nottingham.

The CHAIRMAN. And they have a maximum and minimum rate?

Mr. CLARK. They have one rate, which is the minimum.

The CHAIRMAN. They can pay more, if they desire, beyond the minimum rate?

Mr. CLARK. Yes, sir.

The CHAIRMAN. But outside the cities, where the trade unions are not strong, that rate is not agreed upon and not regarded, or not binding, at least?

Mr. CLARK. In the cotton district in Lancashire they hold that rate, and it is binding on all the cotton business; but in the Yorkshire district, where the business is scattered and the operators are not organized, there is no such system, except in the large cities. In the large cities the union backs them up and they can enforce it.

Mr. UNDERWOOD. The basis of the scale of labor in all these industries in Europe—that is, the higher rates—is governed more largely by the conditions as to the organization of labor and trade unions than by any other proposition?

Mr. CLARK. Yes, sir; more by the trade unions than it is by the cost of living. In Lancashire the cost of living is less than in Yorkshire. That is shown by the official reports of the British Board of Trade. And yet the rates are much higher in Lancashire than the rate in Yorkshire. That is due to the unions.

Mr. LONGWORTH. Did you not explain the other day that in the woolen industry in Yorkshire there was a great number of young boys and women?

Mr. CLARK. There are not very many children under 14, but there are a great many women and girls.

The CHAIRMAN. If the committee would like to call upon you further, do you expect to remain here any time?

Mr. CLARK. I expect to go home for Christmas.

The CHAIRMAN. I mean, do you intend to go abroad again soon?

Mr. CLARK. No, sir; not immediately.

The CHAIRMAN. If you do, I want to communicate with you, so that we can know where the committee can get information as to these matters.

Mr. CLARK. I do not think the department will send me out for another month or so, and then I will probably go to South America.

Mr. BOUTELL. Has there ever been an experiment in manufacturing lace in this country—the Nottingham style of lace?

Mr. CLARK. Yes, sir. The lace-curtain industry in this country is increasing rapidly, but the fancy laces made on the Jardine lace machine is a small industry.

Mr. BOUTELL. Why is it that we have made so little progress in the linen industry?

Mr. CLARK. I do not know. I have not gone into the linen very much, but I think it is because it is a new industry here, and they have not got it started. It is like the lace industry. It takes skilled workmen and a lot of capital.

Mr. BOUTELL. We have been protecting the linen industry since the foundation of the Government, but we do not seem to have succeeded in establishing any linen industry here that amounts to anything. I think that has puzzled a lot of people, as to why that is.

Mr. UNDERWOOD. Is not that because we have not a great supply of raw material here?

Mr. CLARK. The labor is the great thing. In Belfast and other places they have been maintaining this industry for generations and have developed cheap but highly skilled workmen.

Mr. UNDERWOOD. We have neither the skill nor the raw material?

Mr. CLARK. No, sir.

Mr. RANDELL. You said something about the cost of labor depending more on the rate of wages than on the cost of living.

Mr. CLARK. It does in Lancashire and Yorkshire.

Mr. RANDELL. It depends more on organization in this country than it does on the question of tariff on the goods, does it not?

Mr. CLARK. Well, I suppose so. That is a pretty general question, though.

Mr. RANDELL. The increase of price has been, as a rule, practically forced by organizations more than it has been conceded without a fight?

Mr. CLARK. I believe that is correct.

Mr. HILL. Is not the cost of labor abroad generally largely reduced by the fact that women are employed in tasks and work which in America you would not think of employing anybody but a man on? For instance, on heavy tools, drills, presses, and things of that kind?

Mr. CLARK. To a certain extent, that is so; yes, sir.

Mr. RANDELL. Along that line, is it not a fact that in this country—I am interested in the laboring people in this country as distinguished from any other—the pressure by the large capitalists organized in the form of corporations is to bring down the price of labor as low as they possibly can make it and to employ as cheap labor as they can get in this country? Their system is to get the lowest-priced labor they can in this country?

Mr. CLARK. They wish to get the lowest-priced labor per product, but a big organization will pay a very skilled man any price for his skill.

Mr. RANDELL. They want to get the greatest product out of the least wage?

Mr. CLARK. Certainly.

Mr. RANDELL. Speaking of women and children, is not that done, too, in this country in our factories?

Mr. CLARK. Yes, sir.

Mr. RANDELL. Has it not been done to a great extent?

Mr. CLARK. Yes. But take the woolen industry, and there is a larger percentage of women employed in it in England than in America.

Mr. RANDELL. I got a letter from a firm in Troy, New York State. I have it at my office; I am sorry I haven't it here, or I would put it in the record. I want to ask you this in reference to the matter: It seems that there the industry of making shirts is one of the principal means of support of that community, and they furnish about 75 per cent of all the shirts manufactured in the United States for the trade, and they insist on a high tariff on the ground that it supports a great many people, and that 90 per cent of the labor is performed by women. Do you think that is about the average of such manufacturing establishments in this country?

Mr. CLARK. No, sir; that is exceptional. In a case like that they certainly would have women in making shirts and collars, but not in general manufacturing.

Mr. RANDELL. It was said that one of the principal industries in the community was shirt making, and 90 per cent of the laborers employed were women. The question occurred to me, What did the men do?

Mr. CRUMPACKER. They wear the shirts. [Laughter.]

Mr. RANDELL. Yes; in preference to allowing the women to wear them for them. Now, seriously, don't you think that legislation

that would prevent the working of women and children, or at least tend to prevent it, to discourage the working of women and prevent the working of children in these manufacturing establishments, would be better for the country than the question of lowering the cost of production?

Mr. CLARK. You ought not to prevent the women from working except at nights. Nearly all European nations have laws prohibiting women working at night. Only men are allowed to work at night there.

Mr. RANDELL. When the factories are older in communities it has been found necessary all the time to make laws to protect women and children against the methods of employing labor?

Mr. CLARK. Yes, sir.

Mr. RANDELL. That is all.

Mr. CALDERHEAD. The place you were speaking about was Troy, N. Y.?

Mr. RANDELL. Yes, sir.

Mr. CALDERHEAD. I think the shirt industry there grew out of the fact that the mechanics of the town insisted on wearing white shirts to their work, and the women had to get busy to keep them supplied with shirts.

Mr. COCKRAN. They were wearing shirts that were white when they went to their work, but what was the color of the shirts when they got home? [Laughter.]

Mr. CALDERHEAD. I do not know. But that seems to have started all the women up there to making shirts. [Laughter.]

Mr. GAINES. It has been stated, Mr. Clark, and sometimes denied in these hearings, that in the textile industries in England, and I think also on the continent of Europe, the machinery is driven more rapidly than in this country, giving more efficiency there to a certain amount of labor employed. What is the fact about that? It is ordinarily claimed, and I think correctly, that the machinery efficiency of labor is greater in this country than abroad as a rule, and the textile industries have been picked out as an exception, though it has been denied that they are an exception. What do you know about that?

Mr. CLARK. In England the machinery is run a little faster than ours; on the Continent not.

Mr. COCKRAN. Please repeat that.

Mr. CLARK. I say in England, in the cotton and woolen trades, they run their machinery a little faster than ours, but on the Continent they do not; but the difference in efficiency between the American and English wool operator, I should say, is not great, because in some cases where they would run two looms in England we would run three, and even if their looms went faster our efficiency in that case would be greater.

Mr. COCKRAN. Did you say, Mr. Clark, that the efficiency of the operator in this country and in England is about the same?

Mr. CLARK. In the wool trade; yes, sir.

Mr. COCKRAN. What comparison did you make of their wages?

Mr. CLARK. Their wages are a trifle under one-half of ours.

Mr. COCKRAN. So that the labor cost there is practically one-half?

Mr. CLARK. Yes, sir; and the efficiency practically the same.

Mr. GAINES. How is it on the Continent?

Mr. CLARK. The French operative in the woolen industry gets about the same as the Englishman, but the German operative gets less than the French operative, and the Italian operative gets less than the German.

Mr. COCKRAN. How about the productive efficiency of each?

Mr. CLARK. The American and Englishman I would put about on a par.

Mr. COCKRAN. How does the Frenchman compare with the Englishman?

Mr. CLARK. He is less efficient, except on special styles of cloth which they make, and which the English do not make in general.

Mr. COCKRAN. How about the efficiency of the Germans?

Mr. CLARK. I should put it at less than the French.

Mr. COCKRAN. And the Italian still less?

Mr. CLARK. Yes, sir.

Mr. COCKRAN. So that the rates of wages increase as the operator becomes more productive?

Mr. CLARK. Yes, sir.

Mr. UNDERWOOD. Then, considering the wages and wage scale, taking altogether, your estimate is that the difference of wages per product in European countries, as compared with this country, is about one-half?

Mr. CLARK. You can not speak of all Europe. In England that is so.

Mr. UNDERWOOD. Did you not state that the inefficiency of the Italian workman follows in the same scale as his wages?

Mr. CLARK. Yes, sir. That makes the ratio still greater. It makes the ratio of cost per pound still greater. It does not compensate for it.

Mr. UNDERWOOD. It would be a safe estimate to make that the difference in the wage scale per unit of product is not greater than one-half of what it is in this country?

Mr. CLARK. Certainly it is more than one-half. The English labor cost per pound is one-half of ours. Yes; that is right. You take more operatives in Italy.

Mr. UNDERWOOD. That is what I thought when you came to the unit of product. The wage scale per unit of product would be about one-half of ours?

Mr. CLARK. Yes, sir.

Mr. RANDELL. That is in reference to cloths, not in reference to other kinds of labor?

Mr. CLARK. I am only speaking of cloths and woolen goods. In running machine tools we are much more efficient than the English; considerably so. That is, in running lathes and machine tools the American worker will produce more than an English worker. In the woolen industry it is about the same.

Mr. RANDELL. When you speak of their wages being 50 per cent of ours, that applies to the woolen industry?

Mr. CLARK. Yes, sir.

Mr. RANDELL. That does not apply to the cotton industry?

Mr. CLARK. No, sir; not quite.

Mr. RANDELL. You said that shoddy did not compete with wool. What does it compete with?

Mr. CLARK. It competes with wool, of course; but my statement was that the use of shoddy did not necessarily mean that you would use that much less wool. I think the use of shoddy increases the use of wool.

Mr. RANDELL. It competes with cotton?

Mr. CLARK. Yes, sir. If you did not use any shoddy at all you would use more cotton, because you use less wool.

Mr. RANDELL. The more encouragement there is to the use of shoddy, the more setback there is to the increased consumption of cotton and the use of cotton in fabrics?

Mr. CLARK. You might put it that way; but cotton has such a large market it would not amount to much. They would find new outlets for it; but shoddy does take the place of some amount of cotton.

Mr. RANDELL. Taking the interests of the consumer, the man who wants to buy and use the cloth, is it not well to encourage the mixing of wool and cotton in order to produce a cheaper and at the same time different fabric than what you would otherwise have?

Mr. CLARK. I think it is.

Mr. RANDELL. And what is commonly called "shoddy" is not necessarily a bad kind of cloth, or an inferior cloth, but a different cloth? It may be much better for the uses desired?

Mr. CLARK. Yes, sir. If it is made right and honestly, it is good value for the money.

Mr. RANDELL. For winter underclothing, for example, in the Southern States it would be of less weight than that required in very cold sections?

Mr. CLARK. Yes, sir.

Mr. RANDELL. And the use of shoddy there would be more economical, would it not, than to attempt to use all wool?

Mr. CLARK. Yes. Some shoddy is much better than some grades of new wool.

Mr. RANDELL. Then there is one other question I would like to ask. You said that ordinarily in a hundred pounds of wool there would be about 36 pounds of clean wool in the cloth. In other words, you would get 36 pounds of wool in the fabric. What is the value, just in general, of that 54 per cent that does not go into the fabric? You went over that to some extent and I understand the different parts of it; but in a general way, about what is the value of that, and especially what is the difference between its value and the cost of separating it—the cost of the operation that takes it away from the clean fiber?

Mr. CLARK. Well, take this cloth here, for instance. It sells for 95 cents a pound, and the greasy wool costs 24.3 cents a pound, and the tops will be 52.6 cents, and the yarn will be 66.6 cents a pound. The finished cloth sells for 95 cents a pound. Does that answer your question?

Mr. RANDELL. Yes, sir. That is all right. I did not know you had it in that form.

The CHAIRMAN. Gentlemen, in accordance with the resolution of the committee passed two weeks ago, this closes the hearings, and there will be no further hearings by the committee unless they desire information on some subject and invite gentlemen to be present to give them that information; that is, there will be no hearings for

volunteers as distinguished from those who may be sent for by the committee. Of course, any persons desiring to present briefs and file them can do so and they will be printed with the hearings. The only difficulty in regard to that is that if they are not brought in promptly they will be printed in a subsequent volume. I think we have material now for five or six volumes, and belated briefs and papers will be printed in a subsequent volume with the index.

Before we adjourn I want to thank the members of the committee for their uniform courtesy, and especially their indefatigable inquiries tending to bring out the facts in reference to the tariff and in order to aid in perfecting the bill. I think the minority members of the committee especially are entitled to thanks for their perseverance and patience in getting at the facts.

Mr. COCKRAN. As the senior member of the minority, Mr. Chairman, I want to say that nothing could be fairer than the manner in which this investigation has been conducted, and no inquiry could be fuller.

The CHAIRMAN. The chairman is very much gratified at the gentleman's statement. The committee will now stand adjourned.

(Thereupon, at 11.20 o'clock a. m., the committee adjourned.)

APPENDIX.

SCHEDULE C.—METALS AND MANUFACTURES OF.

ABRASIVES OF IRON.

HON. CHARLES DICK, SENATOR, FILES LETTER FROM MANSFIELD, OHIO, RELATIVE TO IRON ABRASIVES.

DECEMBER 16, 1908.

Hon. S. E. PAYNE, M. C.,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR MR. PAYNE: The inclosed letter from Capt. Edwin G. Slough, secretary Chamber of Commerce of Mansfield, Ohio, in reference to the duty on iron shot and other iron abrasives, is self-explanatory.

The favor will be appreciated if you will direct that information be furnished Captain Slough as to a hearing before your committee, in order that this matter may be presented in proper form for consideration.

Very truly, yours, CHARLES DICK.

MANSFIELD, OHIO, *December 5, 1908.*

Hon. CHARLES DICK,
United States Senate, Washington, D. C.

MY DEAR DICK: I am now writing you as secretary of the chamber of commerce by instruction of the board of directors in relation to securing a proper duty in the proposed new tariff law on iron shot, steel shot, grit, and other iron abrasives.

We have located the only institution of any consequence now in this country (there being one small factory in the East, which is pegging away with little success) which produces this material, which is a granite polisher's grit, or shot, as the case may be, and several of our local people are interested in the enterprise, including a few Scotchmen, who came here from Glasgow to establish a plant.

They find upon actual contact with the trade that the England and Scotland product is underselling them so badly in the market that they can not compete successfully under the duty as it stands, and are asking the duty to be raised from 45 to 75 per cent.

I have gone into the matter quite extensively with our committee of the chamber of commerce, and the evidence which we have taken justifies the statement that an additional duty should be levied to

enable this industry to become one of the best institutions of this country, and if this additional duty can be secured it will mean much for the city of Mansfield, as it would result in a great enlargement of the small plant which we are now trying to foster; and of course if this plant progresses others will no doubt be established in other parts of the country.

The secretary of the company is a very frank, truthful gentleman in every way and an honest man, and I have gone into the matter with considerable detail, as I said before, and he tells me they can not make their goods at a profit justifying the investment of capital under the present tariff.

Will you not be good enough to confer with Mr. Payne and some other members of the House committee in relation to this point?

I know you are sufficiently interested in the protective principles to give your personal attention in such an instance, and, at the same time, you are sufficiently interested in your own State being the beneficiary in the fostering of a new industry in this country.

There is an immense amount of this product used in the United States, especially in the East.

Respectfully, EDWIN G. SLOUGH,
Secretary.

THE CALAIS (ME.) SHOT WORKS ASKS A DUTY OF 1 CENT PER POUND ON CHILLED SHOT.

CALAIS, ME., *December 16, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Ten years ago we started at Calais, Me., a plant to make chilled shot for use in granite mills here and elsewhere. We have been in competition chiefly with foreign manufacturers, and feel that in revising the tariff it should be changed from an ad valorem duty of 45 per cent to a specific duty of not less than 1 cent per pound on all sizes of chilled shot. We have carried on our business in a most economical manner, and have not in the ten years been able to get a profit of 6 per cent a year on our investment, leaving out all allowance for depreciation of plant.

The foreign makers get pig iron for $13.40, which costs us $23. A reduction in duty on pig iron would not help us, as it would only be added to the foreign price to us. The foreign freights to New York are about $3.23, against $5 from Calais.

We do not know the comparative wages in Scotland and here. We do know, however, that in ten years of hard work we have been constantly facing a foreign competition which has kept our prices down below a fair business profit, and this has been especially true of small-sized shot, which has been imported and sold as low as $25 a ton of 2,240 pounds, and this is below cost here.

The duty should apply to all sizes of shot and should be specific duty, as in the past the valuations have been such that the price has been forced down to less than the actual cost to us on small sizes.

In 1904 an effort was made by the foreign manufacturers to com-

bine the American makers with them and regulate prices. We declined to do this, and think we ought to have the tariff protection.

Respectfully,

THE CALAIS SHOT WORKS,
By W. F. BOARDMAN,
Treasurer.

AGRICULTURAL IMPLEMENTS.

GAAR, SCOTT & CO., RICHMOND, IND., WELCOME REDUCTION IN DUTY ON THRASHING MACHINERY AND RAW MATERIALS.

RICHMOND, IND., *December 16, 1908.*

Hon. S. E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Replying to your favor of the 14th, it is impossible for us to give you a detailed statement showing labor cost entering into each item of our product. We can say, however, that we find from investigation that the wages paid by thrashing-machine manufacturers in England and Germany are from 25 to 50 per cent lower than are paid in this country; but this difference is greatly reduced, if not entirely wiped out, by superior methods of production, improved shop equipment, shop practice, etc.

It is also true that, as a general thing, foreign agricultural implements and machinery are inferior to those produced in this country, and in many lines this exists to such an extent that the American farmer would not have the foreign product, regardless of price.

The difference in wages of this country and Canada in our line is not very great, and we have no objection whatever to the tariff on thrashing machinery from that country being reduced to the same amount that the Canadian government puts on our machinery, or even to a lower point. In fact, we think the duty should be reduced at least one-half, regardless of what the Canadian government may do, and taken off entirely if they will do the same.

We again beg to say that we will welcome any reduction in the tariff on thrashing machinery that is made on the materials entering into the construction thereof.

Yours, truly,

GAAR, SCOTT & CO.,
Manufacturers of Threshing Machinery.
By S. S. STRATTAN, Jr.,
Secretary.

ALUMINUM.

THE H. H. FRANKLIN MANUFACTURING COMPANY, SYRACUSE, N. Y., SUBMITS ADDITIONAL INFORMATION.

SYRACUSE, N. Y., *December 10, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives.

DEAR SIR: Supplementing our letter to you of the 7th instant, requesting that the duty on aluminum be either entirely removed or lowered, we call your attention to the inclosed clipping taken from

the American Metal Market and Daily Iron and Steel Report of December 9, 1908, which in our opinion gives a fair presentation of the situation in this country at the present time in regard to the subject of aluminum, and may assist your committee in determining what should be a fair duty upon this product.

Yours, truly,

H. H. FRANKLIN MANUFACTURING COMPANY,
H. H. FRANKLIN, *President.*

THE DROP IN THE PRICE OF ALUMINUM.

[American Metal Market and Daily Iron and Steel Report, December 9, 1908.]

The price of aluminum has now dropped to an extent which reminds one of the slump in copper last year. The stage of the aluminum tragedy has been in Europe. In this country the Bradley internal heating patent decision of five years ago, which was against the Aluminum Company of America (at that time named the Pittsburg Reduction Company), became a blessing in disguise for this company, since after having made arrangements with the owners of the Bradley patent they were able to maintain their monopoly in this country under the protection of the Bradley patent, after the expiration, in 1906, of the fundamental Hall patents for the electrotype. The Bradley patent will run out during 1909: until its expiration the Aluminum Company of America is protected as sole producer in this country. The situation has been different in Europe. Stability in production and prices has been maintained there in the past by a firm agreement between the different producers, the so-called international aluminum syndicate, formed in 1901. The objects were to establish distinct spheres of interest and stable prices. For a number of years the syndicate succeeded admirably. But, naturally, as a result of no further protection being obtained by patents in Europe, competition started. Several new works—some quite large ones—were erected by outsiders, and the fight began, with the natural consequences. A great factor in this fight was the decline of the demand for aluminum, especially by the automobile industry, on account of the financial and industrial crisis last year. The last result which we reported in our last issue was the dissolution of the syndicate agreement on October 1, and the final slump in prices began. The prices of ingots in London is now between £65 and £75 per ton. which is equivalent to 15 to 17 cents per pound. On account of the protective duty, the price in this country is about 25 cents per pound. Though in this European war this country has been only an onlooker, the reaction has been distinctly felt here. The monopoly in this country had to yield, since imports from Europe threatened, and 25-cent aluminum means a great change indeed from the former steady price above 40 cents.

It is questionable whether the price will remain as low as it is at present It seems quite certain that some of the European plants are now forced to sell aluminum below self-cost (if self-cost includes interest on capital, depreciation, etc.). The aluminum industry has always been carried on with greatest secrecy. Nevertheless, the cost of producing aluminum has been estimated to be something like 15 or 16 cents a pound, but the exact meaning of "cost" in these estimates is very doubtful. On the best authority which we have in a special case, the cost, including everything, figured out as only very slightly less than 16 cents per pound in a proposed French mountain plant (which was not erected, but was figured out with greatest care), the cost of electric power being in this case about $8 per hp-year. This was under very favorable condition of supply of raw materials and electric power. There is no such cheap electric power available for prospective aluminum makers in this country. As a matter of fact, the present situation in the aluminum industry is not very attractive for outsiders to start competition with the present sole producer after the expiration of the Bradley patents in 1909. We may expect fluctuations of the price of aluminum in the near future. The price may finally rise again, but it seems certain that it can never return to the old figures of two years ago. Aluminum appears to have come down for good to a price com-

parable with copper; there is very little difference now in the London price quotations for copper and aluminum. The net result will be the use of aluminum for many purposes to which it is very well suited, while the former high prices were prohibitive. (Electro-chemical and Metallurgical Industry.)

BICYCLES.

AMERICAN MANUFACTURERS OF BICYCLES PETITION FOR RETENTION OF PRESENT DUTIES.

WASHINGTON, D. C., *December 15, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives.

SIR: We represent the following bicycle manufacturers of the United States: Consolidated Manufacturing Company, Toledo, Ohio; Emblemn Manufacturing Company, Angola, N. Y.; Great Western Manufacturing Company, Laporte, Ind.; Pierce Cycle Company, Buffalo, N. Y.; Pope Manufacturing Company, Hartford, Conn.; also the signers to this brief and by authority given in telegrams and letters herewith attached from Arnold Schwinn & Co., Chicago, Ill.; Snyder Manufacturing Company, Little Falls, N. Y.; National Cycle Company, Bay City, Mich.; Iver Johnson Arms and Cycle Company, Fitchburg, Mass.; Miami Cycle Manufacturing Company, Middletown, Ohio; Toledo Metal Wheel Company, Toledo, Ohio; Gendron Wheel Company, Toledo, Ohio; Excelsior Motor and Manufacturing Company, Chicago, Ill.

These corporations produce more than 90 per cent of the bicycles manufactured in the United States.

We beg leave to present to your notice the decline in the industry of the manufacturing of foot-propelled bicycles and tricycles and parts thereof in the United States, as shown in Bulletin No. 66, Census of Manufacturers, 1905.

Automobiles and bicycles and tricycles.

	1900.	1905.
Factories	312	101
Capital	$29,783,659	$5,883,458
Total wages	$8,189,817	$1,971,408
Value of bicycles	$23,689,437	$4,109,429
Bicycles	1,182,850	252,923
Average value	$20.03	$16.25

While there are no statistics available since the census of 1905, it is a fact that the number of bicycles manufactured has not increased, nor has there been any advance in the selling prices since that time.

We beg leave to call your attention to the great decrease in the value of bicycles and bicycle parts exported from the United States since 1897 and to the great increase in exports from England and Germany in the same period.

Bicycle exports—United States, England, and Germany.

	United States.	England.	Germany.
1897	$3,902,736	$6,937,072	([a])
1898	7,092,197	4,660,554	([a])
1899	4,820,284	3,227,025	([a])
1900	3,061,061	2,573,361	([a])
1901	2,599,237	2,800,448	([a])
1902	2,581,255	3,482,479	$3,600,250
1903	2,099,092	([a])	4,639,250
1904	1,621,820	([a])	5,028,000
1905	1,320,496	4,727,000	6,948,250
1906	1,404,546	([a])	([a])
1907	1,082,727	[b] 4,843,325	[c] 10,172,000
1908	[d] 604,583	[b] 5,260,925	[c] 7,846,250

[a] No statistics available.
[b] Nine months.
[c] For six months only.
[d] For ten months only.

Practically during these years no bicycles of foreign manufacture have been imported into the United States.

It will be seen, therefore, that the export trade in bicycles and bicycle parts has diminished to an extent that nearly takes it from the list of exports, while during the same periods the export trade of European countries, notably England and Germany, has increased.

Until about 1902 the United States could fairly compete in the sale of bicycles in all the markets of the world with England and Germany, the advantage of improved and labor-saving machinery largely offsetting the extremely low wages paid in European countries as compared with those paid in the United States. But English and German shops are now equipped with the most modern machinery—much of it of American makes—and the competition between Europe and the United States to-day as affecting costs of production is in wages, and this competition in wages applies not only to the labor expended directly on the bicycle but to the costs of materials used and to the expenses in the marketing of the bicycles.

The American manufacturers have tried to meet these conditions and maintain a fair competition, but they have apparently gone as far as they can. Even moderate reduction in the tariff would without question invite shipments from England and Germany to this country, with the result of a further if not total decline in our industry or the other alternative of forcing European wages upon American workmen.

Now, shall we open the doors to the foreign manufacturers or reduce the wages of American workmen to meet this competition?

There are engaged in the manufacture of bicycles and bicycle parts 5,000 men, and in the retail sale of same about 8,400 more, all of whom are dependent on the bicycle industry for the livelihood of themselves and their families.

The estimated wages paid are 2,500 bicycle factory employees, 2,500 bicycle-parts factory employees, 8,400 bicycle dealers and repair men, total 13,400, at a conservative average of $2 per diem for two hundred and fifty days per annum, makes a distribution in pay rolls amounting to $6,700,000.

Bicycle manufacturers have no desire for special treatment or unfair rate of tariff, but with the prices on most material and lower wages paid in Europe, as compared with said cost of labor and ma-

terial in the United States, the present rate of 45 per cent is only fair protection.

We further petition that the present rate of tariff be maintained and that bicycles and tricycles and parts of same be classified as such.

Great Western Manufacturing Company, Julius Loun, president: The Consolidated Manufacturing Company, W. F. McGuire, manager; Pope Manufacturing Company, George Pope; Pierce Cycle Company.

Exhibit A.

Chicago, Ill., *December 12, 1908.*

Pope Manufacturing Company,
Hartford, Conn.

Gentlemen: We just prepared a letter to the Ways and Means Committee at the House of Representatives when your telegram reached us. We have decided to have you represent us at the meeting, and we will telegraph your Col. George Pope, care New Willard Hotel, Washington, D. C., as follows:

"We, Arnold Schwinn & Co., manufacturers of bicycles at Chicago, Ill., herewith authorize you to represent us at the meeting of the Committee on Ways and Means at the National House of Representatives at Washington, D. C., on the subject of reduction of duty on bicycles. Please use all your effort to have the interest of the bicycle manufacturer protected. No change in bicycle tariff. We need protection. European manufacturers produce bicycles for less than half; that is my experience while manufacturing bicycles in Germany. From 700 bicycle manufacturers in United States in 1896 12 only are left. We can not compete in foreign countries."

Yours, very truly,

Arnold Schwinn & Co.,
Iagnscz Schwinn, *President.*

Exhibit B.

Little Falls, N. Y., *December 14, 1908.*

George Pope,
New Willard Hotel, Washington, D. C.

Regret our inability to be with you, and authorize you to appear for us and urge that the duties on bicycles and all other manufactured articles be left as they are or made higher. Competition between American manufacturers keeps the price so low that there is not to-day a living profit. There is practically no foreign market on these goods, and we must have the American market or go out of business.

H. P. Snyder Manufacturing Co.,
H. P. Snyder, *Treasurer.*

EXHIBIT C.

BAY CITY, MICH., *December 12, 1908.*

Col. GEORGE POPE,
New Willard Hotel, Washington, D. C.

DEAR SIR: We regret very much that it will be impossible for us to be with you Tuesday next, but are glad to know that you are to appear before the Ways and Means Committee and will be glad to have you represent us.

The history of the bicycle business is an open book, and shows conclusively that even under the present tariff American manufacturers have not prospered. There are but few of us left—19 only, we believe—and few of those would still be in the business if they could find other lines which would keep their factories busy. Nearly every one of the 19 is now devoting part of his manufacturing capacity to other lines on account of there not being a market for all of the bicycles which he can produce. The world's markets are practically closed to us by either cheaper production abroad on account of cheaper labor or preferential tariffs, as in the case of the English colonies. Reduction in the tariff would be simply an aid to the foreign manufacturer in reaching part of our home markets, would not reduce price to the consumers, as bicycles in America are as cheap as anywhere in the world, and would ultimately force the American manufacturer out of business by compelling him to reduce production below the point where he can live. To-day the productive capacity of American bicycle factories is probably double the actual output. The desire of each manufacturer to increase his output has resulted in the closest kind of competition in the restricted market. If the tariff were reduced, it would without doubt let in additional foreign competition, which would ultimately, necessarily, reduce the number of workers and also their wages in this country.

We have no doubt that your thorough acquaintance with the bicycle trade during the last thirty years will enable you to present the matter to the committee in such a manner as to make them understand the conditions as we know them.

Yours, truly

NATIONAL CYCLE MANUFACTURING CO.,
F. C. FINKENSTAEDT, *Secretary.*

EXHIBIT D.

FITCHBURG, MASS., *December 12, 1908.*

Col. GEORGE POPE,
Pope Manufacturing Company, Hartford, Conn.

DEAR SIR: The writer understands that it is your intention to appear before the Ways and Means Committee at Washington in protest against any reduction in the tariff on bicycles, and, if you will, we would like to have you represent us at this hearing.

We believe that the bicycle business can not stand any reduction in tariff. We have been driven out of the Japanese market, where we had a good trade, and practically from the European market by the Belgian, German, and English machines, on account of the difference

in cost of manufacture, the item of labor entering into bicycles to such a great extent that it gives foreign products a great advantage over those of American make.

In continental Europe the people even take some of the labor to their homes, where the wives and children perform some of it. This saves for the manufacturer much space that would otherwise be required for help, besides heating, lighting, taxes, etc. In Japan the difference in cost is even greater, as Japanese labor is cut still further than that of continental Europe.

In fact, labor and other items place this competition in such shape that if foreign bicycles were to enter the American field to-day such little business as now exists in this line would be swept away by foreign competition.

I hope you will use every effort to impress upon the Ways and Means Committee the fact that any reduction in the tariff on bicycles would be disastrous to the bicycle industry of this country, and also to that of bicycle parts and accessories.

Very truly, yours,

IVER JOHNSON'S ARMS AND CYCLE WORKS,
FRED I. JOHNSON.

EXHIBIT E.

MIDDLETOWN, OHIO, *December 14, 1908.*

GEORGE POPE,
New Willard Hotel, Washington, D. C.:

Please represent us at meet ng. We earnestly hope your effort to prevent reduction of duties on bicycles will be successful. The bicycle business is only now slowly getting on its feet after depression caused by fad passing out. The present profits are very small, and if obliged to meet prices of foreign competitors, with cheap labor, would practically kill the bicycle business in this country.

THE MIAMI CYCLE AND MANUFACTURING COMPANY.

EXHIBIT F.

TOLEDO, OHIO, *December 14, 1908.*

GEORGE POPE,
Willard Hotel, Washington, D. C.:

Enter our most vigorous protest against reducing duties on bicycles.

THE TOLEDO METAL WHEEL CO.

EXHIBIT G.

TOLEDO, OHIO, *December 12, 1908.*

GEO. POPE,
New Willard Hotel, Washington, D. C.

DEAR SIR: We are in receipt of your telegram advising us that the Committee on Ways and Means will hold a hearing on the question of reducing the duty on bicycles next Tuesday.

We regret exceedingly that it will not be possible for us to have a representative there at that time, so we authorize you to speak for us in earnestly protesting against lowering the duty on bicycles. It is a well-known fact that makers of bicycles in this country have not been getting fat at the business of late years, owing to the fact that prices are brought down so uncomfortably close to cost, and it is a well-known fact that our labor cost is very much greater than in England. France, or Germany. Should foreign manufacturers be allowed to bring their bicycles into this country in competition with us, it would simply drive American-made bicycles off the market. Foreign makers have of late years been using our improved machinery, and, in addition to this, with their cheap labor, they have been able to take all the export business that American makers formerly enjoyed. That is evidence enough that we can not compete with them under our labor cost.

Yours, very truly, GENDRON WHEEL CO.

EXHIBIT H.

CHICAGO, ILL., *December 14, 1908.*

GEORGE POPE,
New Willard Hotel, Washington, D. C.:

Unavoidably delayed; can not be with you in person. As our interests are parallel with yours, believe you can present our mutual interests in most able manner. We are absolutely for no reduction in tariff, particularly as this would affect the baby industry of motor cycles in the already heavily involved bicycle business.

EXCELSIOR MOTOR AND MANUFACTURING CO..
FRED. C. ROBIE.

THE GREAT WESTERN MANUFACTURING COMPANY, LA PORTE, IND., ASKS RETENTION OF DUTY ON BICYCLES.

LA PORTE, IND., *December 12, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

MY DEAR SIR: Referring to the duty on bicycles, as a manufacturer I wish to urge upon you not to remove the duty on finished bicycles. I ask that on behalf of ourselves and the industry of the bicycle manufacturers in the United States.

I speak with knowledge of the prices of English, German, and Belgium bicycles. The price that they are now naming and would name if the duty were removed on finished bicycles would kill the bicycle business and close the manufacturers' doors of bicycles in the United States.

We are manufacturers of Fauber patent one-piece crank hangers that go into bicycles. We sell them throughout the world, but are shut out from selling them in England, Germany, and Belgium on account of the low price there on bicycles. They are selling bicycles to-day for less than our cost of production.

It would be impossible to pay the wages and prices of materials and cost of conducting the business in the United States and compete with the low prices of the German, English, and Belgium bicycles to-day.

Therefore I pray your committee do not remove the duty on bicycles.

The present selling price of bicycles in the United States is very low. There is no combination, no restriction of the trade, or pooling arrangement, but entirely open competition, and that has been strong enough to make the price of bicycles so low that it is only a small profit to the manufacturers at best. The price is so low on bicycles that anyone who wishes one has no objection to the price he can buy a machine for.

Removal of or even reducing the present duty on bicycles can only do more harm than possible good.

Thanking you for your consideration, I am,

Yours, truly,

E. J. LONN, *President.*

CARRIAGES.

WASHINGTON, D. C., *December 12, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means.

SIR: I have been requested to state to your committee that so far as New Haven, Conn., is concerned the manufacturers of carriages do not desire any further duty on their line of goods. New Haven used to be the center of carriage manufacturing and to-day has a number of factories.

Respectfully, N. D. SPERRY, M. C.

CAST-IRON PIPE AND DRAWBACKS.

WALTER WOOD, PHILADELPHIA, PA., FILES SUPPLEMENT BRIEF, IN WHICH HE REFERS TO DRAWBACKS.

PHILADELPHIA, PA., *December 16, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Any duty that is more than enough to protect the existence of a business (but not including profits) is too high, and therefore detrimental to a healthy development.

Because with high duties it is impossible to prevent (by admission of small amounts of foreign material) abnormal profits during times of great pressure, thus drawing newcomers into the business and causing those already manufacturing to expand their output on an artificial basis.

The cast-iron pipe industry during the past few years is a marked example of such conditions.

The increase of domestic output has given rise to exasperating competition and caused loss to makers and employees.

Three dollars per ton above the duty on pig iron is ample to protect the cast-iron pipe industry of the United States, although this duty will permit importation to cities near the Pacific coast and perhaps in southern Texas.

Under the present conditions of manufacture of pig iron in the United States it would be unwise for the committee to reduce the tariff more than, at the most, $2 per ton.

Until the price of lake ore is reduced it would be unfair and improper to further reduce the duty.

The influence that the "pegging" of lake ore prices has upon the pig-iron production of the United States (and the impossibility of foreign ores competing effectively) is shown by the table of production and importation of ores in the United States.

Iron ore production by districts.

	Per cent.
Lake region	80.5
Alabama and Georgia	10.4
New York	2.6
Pennsylvania	1.6
Virginia	1.6
New Jersey	1.06
	97.76
Balance of United States	2.4

Any considerable reduction in the cost of pig iron must therefore come from the lowering of prices of lake ores.

DRAWBACKS.

In the discussion between those claiming that duties should be entirely removed and those wishing to retain moderate rates, I would strongly urge that the clauses referring to drawbacks should be so adjusted that parties importing material under the reduced rates can still secure practically free-trade privileges by making it possible for them to sell importation certificates to exporters in other parts of the country.

Thus importation certificates could be used for exporting coal into New England, coal from Alabama, wheat into Minneapolis, wheat from California, iron and steel on Pacific coast, and iron and steel from Pennsylvania.

Ores for smelters could be brought into Arizona; metal exported from New York or Baltimore.

A thorough and carefully devised scheme permitting importations of either raw or finished material, if facilitated by drawbacks granted to exportations of similar materials from other parts of the country, will tend to bring into the United States a large amount of trade which it otherwise could not obtain.

Respectfully submitted.

WALTER WOOD.

CUTLERY.

HON. THOMAS W. BRADLEY, M. C., FILES LETTER RELATIVE TO EVASIONS OF SECTION 8, ACT OF 1897.

WASHINGTON, D. C., *December 19, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: In response to your suggestion that I file a written brief regarding alleged outrageous evasion of section 8, tariff law of 1897, in connection with imports of articles named in paragraph 153 of said tariff law, I have the honor to submit, as such brief, annexed herewith, a copy of my letter to the honorable Secretary of the Treasury, under even date; and if you deem it consistent to request that all this matter be made a part of the printed tariff hearings, so that in case any material statement be promptly questioned, I may invoke the power of the Ways and Means Committee to summon witnesses and compel sworn testimony. With best wishes,

Very respectfully,

THOS. W. BRADLEY.

WASHINGTON, D. C., *December 19, 1908.*

Hon. GEORGE B. CORTELYOU,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. SECRETARY: In connection with outrageous evasion of section 8, tariff law of 1897, I have the honor to file complaint and charges, as follows:

The law providing that all imported goods shall bear the name of the country of origin was first passed in connection with the McKinley tariff, and was based on a copy of the English law submitted by me to the Ways and Means Committee.

At the time our law was framed and until about 1900 the only method of stamping the firm name, trade-mark, and country of origin on pocketknives and razors was by a steel stamp or die driven deep into the tang of the blade.

It is a matter of record that subsequent to October 9, 1890, imports of German knives were, in some cases, held up until the importer had caused the word "Germany" to be stamped with a steel die on the blade tang of each knife, and this at the appraiser's stores, under the supervision of a customs employee; all this at the importer's expense. I mention this to show that stamping deep with a steel die was the manner in which German and English knives and razors were "usually and ordinarily marked," both as to the name of country of origin, trade-mark, and firm name, and that the department enforced the real intent of the law as covered by section 8 of the tariff law of 1897.

For some time, how long I can not state, but for more than a year past German knives and razors have been passed through the port of New York with the name of the country of origin "wash stamped"

instead of stamped with steel die, and have also been passed with the word " Germany " in " light etching " so shallow as to be easily buffed off. The " wash stamped " name of " Germany " being merely a composition easily wiped off with a cloth moistened with benzine. Even the firm name on front or " mark " side of blade tang is treated in same manner, so that both the name of country of origin and firm name may be easily removed and the knives and razors be then steel-die stamped in this country with a name representing the product to be of American manufacture. The entire proceeding is a deliberate and carefully though-out scheme for evading the true intent of section 8, and of placing on the American market an inferior grade of German manufacture under the guise of a reputable American product.

Five hundred thousand dollars is a low estimate, in my judgment, of the amount of German " wash stamped " product imported, and evading the intent of section 8, during the year 1908. It can readily be understood that a continuance of this practice will steadily depreciate and eventually ruin the high standing of reputable American production.

Based on information and belief, I submit the following list of importers in New York City that, in my opinion, have been and still are engaged in the practice above clearly explained:

Adolph Kastor & Bros., 109 Duane street; A. L. Silberstein, 476 Broadway; F. A. Clauberg, 27 Park Place; Alex Witte, 91 Warren street; Krusius Brothers, 296 Broadway; Westre Brothers, 148 Chambers street; Max Klass, 298 Broadway; Borgfeldt & Co., Washington Square.

Both in Newark, N. J., and in New York City are workrooms to which importers send German knives and razors to have the wash stamped " Germany " buffed off, and, in some cases, to have the wash stamped name of German maker or importer buffed off and a name similar to that of some reputable American trade-mark steel stamped in lieu thereof. Bleeker and West Eleventh street, New York City, formerly conducted by J. W. Murray, is one place where this work has been and may now be done; 298 Broadway another.

Several importers of German knives and razors have manufacturing plants in this country or close connection with such plants, and also have close connection with manufacturing plants in Germany. The firm of Adolph Kastor & Bros., with a small factory at Camillus, N. Y., and a brother conducting or interested in a large cutlery plant in Solingen, Germany, may be referred to. Hermann Boker & Co., Duane street, New York City, have a knife factory at Newark, N. J., and are closely connected with a large cutlery manufactory in Germany; but this house, with Wiebush and Hilger, of New York City, jealous of the reputation of the goods they import, would be more likely to condemn this " wash stamp " practice than to engage in it.

Several small manufacturers of American knives and razors seek to make profit at the expense of reputation out of this " wash-stamp " practice, and either import direct or through such houses as F. A. Clauberg, 27 Park place, New York City, and Borgfeldt & Co., Washington square, New York City, or others; and removing at their factories the name of the country of origin from foreign product, offer

the same, with their own American name or trade-mark stamped thereon, in common with the product of their American factories.

In my judgment, based on information and belief, the following American manufacturers do this or have recently done it:

Schatt & Morgan, Titusville, Pa., and Gowanda, N. Y.

Tidioute Razor Company, Tidioute, Pa.

Case Brothers, Little Valley, N. Y.

Cattaraugus Cutlery Company, or Champlin & Co., Little Valley, N. Y.

Some manufacturers of table cutlery, shears, and other cutlery run side lines of pocketknives and razors, as the Wiss Company, manufacturers of high-grade shears, Newark, N. J., and A. F. Bannister & Co., Newark, N. J., both of whom are familiar with the "wash-stamp" practice. In fact, it is safe to state that the country of origin, wash stamped, or steel-die stamped, is steadily buffed out, or even ground out, as a matter of course, in the Newark factory of A. F. Bannister & Co.

I have not a dollar of interest in any manufacturing industry; but in my home town of Walden, N. Y., are three manufacturing plants, producing about 50 per cent of the American output of pen and pocket knives. The people of my town depend on this industry, and I am deeply concerned for the welfare of these pocketknife operatives, whose highly skilled trade will be discredited and probably ruined if this nefarious evasion of the true intent of section 8 is permitted to continue. I therefore most earnestly request, as follows:

1. That the attention of the appraiser at every United States port of entry be called to this evasion of section 8, tariff law of 1897, and instructed to refuse entry to all imported articles named in paragraph 153 of said law that do not strictly conform to the true intent of said section 8.

2. That appraisers be instructed to rule that the true intent of section 8, "Usually and ordinarily marked, stamped," etc., means stamped by steel die deep into the blade tang, and refers not only to the stamp of the name of the country of origin, but to the name of individual, firm, or corporation or trade-mark thereon.

3. If a department ruling in relation to section 8, as affecting all articles named in paragraph 153, has not been issued, that such ruling issue as promptly as practicable.

4. That, if the department can consistently do so, I be given a legal opinion as to the erasing of foreign stamps, the restamping with intention to misrepresent and deceive, all as above referred to, and whether there be any federal statute under which persons can be proceeded against, whether amendment to the interstate-commerce law might be made to cover such cases, or whether action under the common law is the only recourse for the consumer or manufacturer injured by the kind of deception herein complained of.

Through the consideration of Hon. Sereno E. Payne, chairman, I am permitted to submit all points here mentioned to Mr. Thomas J. Doherty, assistant counsel, United States Treasury Department, assigned to the Committee on Ways and Means, with a view of amending section 8, and protecting, so far as practicable, reputable American makers of pen and pocket knives and razors, and have sub-

mitted to Mr. Doherty certain exhibits of "wash-stamped" pocket knives. Such exhibits I can submit to the department, if desired.

Very respectfully,

THOS. W. BRADLEY.

WASHINGTON, D. C., *December 19, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Since the year 1900, or thereabouts, pen and pocket knives have been imported in assembled but unfinished condition. At first the knives were sent here in a very rough, unfinished state; but after the invoice value had passed the United States appraiser and become accepted, as a matter of course more finish was gradually added to subsequent importations, until there remained no finishing to be done outside of color buffing, edge setting, cleaning, wrapping, and boxing.

As labor of the character required to complete the finishing of these knives in Solingen is not more than two-fifths the rate of wages paid to finishers in the United States, the chief incentive is now, and has been, to escape payment of full duties to the United States.

There certainly is no more fertile field for undervaluation than this practice has thus far afforded.

This system has enlarged until importers like F. A. Clauberg, 27 Park place, and Borgfeldt & Co., Washington square, New York City, may offer to deliver certain unfinished "wash stamped" patterns to American manufacturers at about 40 per cent less than factory cost in the United States; and business has been solicited on this basis by an importer with a view of encouraging the American manufacturer to buff off the "wash stamped" name of country of origin, etc., and, stamping in lieu thereof some American name, market the goods as an American product; thus unfairly depriving American workmen. In my judgment this unfinished business is and has been a scheme for gross undervaluation. The possibility of it was unforeseen when the tariffs of 1890, 1894, and 1897 were framed.

While I have not one penny of investment in any kind of manufacture, and have not had since first elected to Congress, my previous half century of expert acquaintance with cutlery manufacture at home and abroad has led reputable American manufacturers of pocketknives and their employees to suggest that I frame and submit to your committee an amendment to paragraph 153 that may check the undervaluation above referred to.

I therefore submit the proposed amendment on sheet annexed hereto.

Very respectfully,

THOS. W. BRADLEY,
Twentieth New York.

EXHIBIT A.

Provided, That blades, handles, or other parts of either or any of the foregoing articles, imported in any other manner than assembled in finished knives or erasers, shall be subject to no less rate of duty than herein provided for penknives, pocketknives, clasp knives, pruning knives, manicure knives, and erasers

valued at more than fifty and not more than one dollar and twenty-five cents per dozen: *And provided further*, That all penknives, or pocketknives, clasp knives, pruning knives, budding knives, and erasers or manicure knives of all kinds, assembled or partly assembled but not completely finished, wrapped and boxed, shall be subject to no less rate of duty than herein provided for penknives, pocketknives, clasp knives, pruning knives, manicure knives, and erasers valued at more than one dollar and twenty-five cents and not exceeding three dollars per dozen.

In line 5, word "fifty," as in present law, is amended to read "twenty-five." No other change in existing law until "and provided further," on line 6, which, continued to the end of line 12, is the amendment and addition proposed.

The word "dozen," end of line 12, to precede the word "razors" in paragraph 153.

ELGIN WATCHES.

HON. H. S. BOUTELL, M. C., FILES CORRESPONDENCE BETWEEN ELGIN WATCH COMPANY AND MR. NELSON LYON, TARRYTOWN, N. Y.

WASHINGTON, D. C., *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Mr. C. H. Hulburd, president of the Elgin National Watch Company, has sent me the inclosed letter to him from W. H. Kinna, agent of the Elgin Watch Company in New York, together with a memorandum by Mr. Hulburd. These documents, it seems to me, might be published in the hearings in connection with or by way of reference to the testimony of Mr. Lynch, on which they throw an interesting light.

Very truly, yours, H. S. BOUTELL.

NEW YORK, *December 9, 1908.*

Mr. CHAS. H. HULBURD,
President Elgin National Watch Company,
Chicago, Ill.

DEAR MR. HULBURD: Mr. Nelson Lyon, Tarrytown, N. Y., who recently made a statement before the Ways and Means Committee relative to the purchase of an Elgin watch in London, positively declines to furnish us with the serial number of the watch referred to, giving as a reason that the European jobber who sold him the watch is a customer of his, and he did not care to have him brought into the controversy. I did, however, learn the grade. It is a 7-jewel, 12-size gilt, in a 25-year Boss case, and was purchased by him from a wholesale dealer in England (outside of London) for $12.50.

This same watch in this country lists at $12.25 to the jobber. After Mr. Lyon returned to this country he dropped his watch and took it to a watchmaker in his home town for repairs, who told him that a watch like this would cost him $18. He now thinks he was mistaken about the watchmaker telling him that the Elgin Company compelled the dealers to get that price, and is most willing to retract that part

of his statement. He has promised to write me a letter to that effect, which I will forward to you as soon as received.

Mr. Lyon has a small plant in Tarrytown, where they manufacture wire egg and carpet beaters. He admits he knows nothing about the watch industry or what the tariff ought to be on this article, but has taken it for granted from the advertising he has read from time to time in New York papers that watches should not be protected by a tariff. I think he feels altogether different about this subject since my interview.

He is a very eccentric man and a close student of economics. In fact, I think he neglects his own business to take up matters for the people. While not a free trader, he is very much interested in the revision of tariff, more especially on steel. He claims to have become disgusted with the Republican party on account of their indifference on this question and voted for Bryan at the last election.

He showed me several letters purporting to come from Mr. Clark, of the Ways and Means Committee, and expects to go to Washington again very soon, at the request of the committee.

Advices from Canada to-day report Mr. Zurbrugg's condition improved.

Very truly, yours,

ELGIN NATIONAL WATCH CO.,
W. H. KINNA, *Agent.*

NOTE.—All watches are sold by the Elgin Company at list, less 20, 6, and 3, so that a watch listing at $12.25 actually costs the jobber in this country $8.94. The jobber sells to the retailer at prices ranging from 15 and 6 off to 10 and 6 off, so that the large retailer would pay for that watch $9.80, and the very smallest retailer, who only buys two or three watches a year, would not pay exceeding $10.37. There is no established retail price, nor has there ever been any attempt on the part of the Elgin Company to establish a retail price on this watch, and it would sell at retail from $13.50 to $15. I do not think any retailer would ask as much as $18, and if he did, it would be an exorbitant profit. Therefore if Mr. Lyon had a friendly watch jobber in this country who wished to accommodate him, he would have bought the watch for somewhere around $11, instead of $12.50 which he paid abroad, and even then the jobber would have got more from him than he actually does realize on the watches he sells to the retailers. Mr. Lyon admits in this letter that he did not buy the watch at retail abroad, and the foreign wholesale price at $12.50 was a little higher than the domestic list price, from which must always be deducted the discounts which all jobbers get on watches.

The foregoing statements, as to discounts to all jobbers, as to list price, and as to retail prices, can be substantiated by catalogues.

CHARLES H. HULBURD, *President.*

HON. S. E. PAYNE, M. C.,
Washington, D. C.

DEAR SIR: I am advised that there has been filed with your committee a letter from our New York agent, Mr. W. H. Kinna, describing an interview which he had with Mr. Nelson Lyon, of Tarrytown, N. Y., regarding a statement made by the latter before the Ways and Means Committee concerning the price of an Elgin watch bought in England. I do not know that it is necessary to add anything to that letter and my memorandum, but in order to make your files complete I inclose herewith the letter from Mr. Nelson Lyon himself, addressed to Mr. Kinna, and also a copy of my letter to Mr. Kinna acknowledging receipt of it.

Yours, very truly,

CHARLES H. HULBURD.

TARRYTOWN, N. Y., *December 9, 1908.*

Mr. WM. HENRY KINNA,
Manager Elgin Watch Company,
15 Maiden Lane, New York.

DEAR SIR: Referring to your call yesterday, upon the request of the president of your company, would say I did not go before the committee at Washington intending to speak in regard to the Elgin watch; it was brought out under the impulse of the moment from their inquiries.

I had designed to purchase one of your watches when I went to England this year, as I understood they could be purchased there much cheaper than here. The statement regarding what the English wholesale dealer told me was true, that the price given me, $12.50, was as low as he was allowed to sell them. On referring the matter to my home jeweler I find he placed the price too high, and he now says that on this style of watch, which I purchased, he is not bound by agreement to sell for the price mentioned, $18, but he told me that was the price they were worth in this country.

I heard the statement made so often that the price in this country was limited I had the impression he told me he could not sell them below $18, and this fact was also fixed in my mind by the English wholesale dealer. He said that he was allowed to make 10 or 15 per cent.

I make this statement because I would not want to do your company an injustice. As I told you, I think your company should give a statement of your net income in 1906 and 1907, as well as 1908, as they certainly must have declared large dividends in those two years or carried over a surplus which should tide them over in 1908 without earning a dividend.

Respectfully, yours, NELSON LYON.

DECEMBER 12, 1908.

Mr. W. H. KINNA,
Agent Elgin Watch Co., New York, N. Y.

DEAR MR. KINNA: I beg to acknowledge receipt of your favor of the 10th, inclosing letter from Mr. Nelson Lyon. This is all that you could ask of him and proves our case most completely. I have no doubt that if I could have a talk with him myself and explain the substance of the letter which I wrote to the Ways and Means Committee, he would appreciate at once how misleading the advertisements of Keene really were. You can, of course, see that Mr. Lyon's whole attitude of mind is due to Keene's advertising. However, I do not suppose it would be necessary to discuss the matter with Mr. Lyon.

I should not hesitate in the least to show him our statements for the years 1906 and 1907, because, while our nominal profits were quite large, yet so much of it was charged off and used in rebuilding and putting in new machinery, which we are constantly doing, thus giving employment to labor, our dividends of 8 per cent per annum are all that have actually been paid out to the stockholders since I have been president. Meantime, each year we are employing additional labor at high wages for the sake of putting up healthful and good buildings to work in, sustaining a factory hospital, and taking

care of our sick in the best possible manner. I think we could convince Mr. Lyon, if he could see our buildings and our books, that we are not making excessive profits on our domestic sales, while our foreign sales are showing us a positive loss. Furthermore, I could show him conclusively that the sales to jobbers in this country are within a very small percentage of the same prices at which goods are sold to jobbers abroad. I could show him, furthermore, that 90 per cent of our product has no fixed price; that it is open competition among the retailers. I could show him, furthermore, that Mr. Keene buys all of his named goods, which he advertises, in this country, and then advertises his cost price for the sake of attracting trade, but does not sell the watch if he can help it. I could show him also that it is not a fair or honorable thing to compare the wholesale price abroad with the supposed retail price in this country. In other words, both jobber and retailer are performing a service to the country and are entitled to a profit for the service rendered. Of course you understand all these arguments, and there is no necessity of my going over them. Do you think Mr. Lyon would like me to send him a letter of this kind so that he would understand our position? I assume that he is a perfectly honorable, conscientious man.

Yours, very truly,

CHAS. H. HULBURD,
President Elgin Watch Co.

EMBROIDERY MACHINERY.

THE DURBROW & HEARNE MANUFACTURING COMPANY, NEW YORK CITY, URGES A LOWER DUTY.

NEW YORK, *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIRS: We submit for your consideration the following facts, which are so well known that we think no one will dispute them:

I. The importation of Swiss embroideries into this country is very large.

II. The manufacture of Swiss embroideries is really at present an infant industry, but seems to be growing.

III. All machinery for making Swiss embroideries is imported.

IV. The duty is 45 per cent.

V. If anyone desires to make such machinery here, the freight and shipping charges and erection alone would be protection, and, in addition, we can make it cheaper than Europe.

VI. As the investment in machinery is large, it requires capital to start in the industry; and although European makers are willing to give credit, the cash outlay for duty helps to keep the smaller men out of business.

A lower duty on such machinery would help the manufacturers of Swiss embroidery and would not harm American trade, as there is none.

We might mention that we understand as a parallel case that Mexico admits free of duty machinery used in the manufacture of straw hats.

Yours, very truly,

DURBROW & HEARNE MANUFACTURING COMPANY,
R. J. HEARNE, *Secretary and Treasurer.*

FERROSILICON.

THE BESSIE FERRO-SILICON COMPANY, NEW STRAITSVILLE, OHIO, ASKS MORE DUTY.

NEW STRAITSVILLE, OHIO, *December 18, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: We earnestly beg that Congress will give us the protection on ferrosilicon, which was evidently intended but which we are not now receiving. The conditions of the business, and particularly new methods of manufacturing, have altered the situation from what it was in 1897, when the present tariff act was passed, so that a readjustment of the duty is imperatively required. Otherwise an established business in this country, which has already declined, is threatened with extinction. During this last year our furnace has been shut down for almost all the time, owing chiefly to foreign competition.

Ferrosilicon is a combination of silicon and iron and is used in the manufacture of steel to make it sound and to prevent blowholes, etc. It was formerly made only in blast furnaces, and perhaps for that reason was classified in the tariff with pig iron, which is also made in blast furnaces, though, as indicated below, it never really belonged in that class. However that may be, since 1897 an important change in manufacturing has occurred, so that ferrosilicon can be and is now largely made by electro-metallurgical processes.

The value of ferrosilicon depends on the "silicon content"—that is, the amount of silicon present—so that a ferrosilicon of 8 per cent silicon is worth correspondingly less than the ferrosilicon of 50 per cent silicon. The blast-furnace ferrosilicon only runs about as high as 15 per cent silicon, whereas the electrical-furnace product runs from 50 per cent silicon up and has a correspondingly higher value. Yet all these kinds of ferrosilicon are now being admitted for duty, whatever their value, on a basis of $4 per ton.

The official figures of the importations of ferrosilicon show three marked facts as between the year 1897 and the year 1907: First, that the importations have increased from 1,324.93 tons to 12,653.12 tons; second, that the value per ton has increased from $17.60 to $72.26, which, of course, is due to the fact of the increasing importations of the electric-furnace product with its correspondingly higher values; third, that the equivalent percentage of duty on an ad valorem basis

has consequently diminished from 22.73 per cent to 5.54 per cent. The figures by years are as follows:

Year.	Duty per ton.	Tonnage.	Value per ton.	Equivalent percentage on ad valorem basis.
1897	$4.00	1,324.93	$17.60	22.73
1898	4.00	679	21.92	18.24
1899	4.00	1,559.26	24.00	16.66
1900	4.00	4,666.25	36.85	10.92
1901	4.00	546.22	30.92	12.94
1902	4.00	3,567.63	20.77	19.26
1903	4.00	23,795.35	24.63	16.24
1904	4.00	6,262.04	33.30	12.01
1905	4.00	6,833.99	48.93	8.18
1906	4.00	10,275.20	60.07	6.66
1907	4.00	12,653.12	72.26	5.54

The only way to secure proper protection on ferrosilicon is to remove it entirely from the class of pig iron and put it with such other ferro alloys as are made by both the blast furnace and the electric processes. Ferrosilicon, whether in the form of pigs or otherwise, never really belonged in the class with pig iron. To make a ton of it by the blast-furnace process costs from two to three times as much for labor cost alone, besides requiring twice as much fuel as to make a ton of ordinary pig iron.

The total labor cost in making ferrosilicon, if we regard the entire cost of the manufacture from mining the ore to the complete ferrosilicon, is doubtless at least 80 per cent to 90 per cent. If we take the actual cost of the blast-furnace process alone, it is, as before stated, from two to three times as great as in making pig iron; and if we compare this blast-furnace part of the manufacture alone with the cost abroad, we have a striking contrast in the wages paid. From the best information we can obtain, after careful inquiry, we believe that these comparative costs of labor would be as follows:

	Europe.	United States.
Ordinary unskilled labor .... per day	$0.50 to $0.60	$1.80 to $2.00
Skilled labor .... do	.80 to 1.00	2.50 to 3.50

We understand that foreign blast-furnace ferrosilicon (of 10 per cent silicon content) is being offered at the present time at New York and at Philadelphia on a basis of $22.50 per ton, duty paid. The average cost of making our 10 per cent grade during the last four years has been about $21.50 per ton at furnace (in the Hocking Valley), which, with freight added, means $25.20 at New York and $24.80 at Philadelphia, without figuring in any profit whatever. In other words, the foreign manufacturers can pay $4 per ton duty and sell their products here at from $2.70 to $2.30 per ton less than our cost price, without including in such cost any profit whatever for us. The following tabulation shows this clearly:

Our average cost for the last four years for putting down 10 per cent ferrosilicon in Philadelphia, without any allowance whatever for profit $24.80

Foreign value of imported 10 per cent ferrosilicon per ton, say	$16.75	
Expenses for freight, brokerage, etc., about 10 per cent, say	1.75	
Duty at $4 per ton	4.00	
Selling price of imported ferrosilicon at Philadelphia		$22.50
Advantage to foreigners		2.30

To put us on an equal basis in that territory with the foreigner, even without any profit to ourselves, we need a duty of $6.30 on 10 per cent ferrosilicon, which, on the basis of the foreign value, would equal about 37½ per cent. And if we regard territory somewhat nearer our furnace, as, for instance, between Philadelphia and Pittsburg, we need a protection of 30 per cent to 35 per cent.

It is true that there have been times when we have been obliged to make sales at below cost to hold our trade or to get rid of a surplus stock, and about the only times when we can get into the eastern market are those when the foreign supply happens to be short while there is a local demand for immediate delivery. But the situation is summed up when we say that at the present time we have been practically driven out of the eastern market and can not compete profitably in the Pittsburg territory.

We do not ask for the required protection on the ground that ours is an infant industry needing encouragement, but on the ground that it is an old industry threatened with extinction. Only a few years ago there were in the Hocking Valley seven or eight blast furnaces making silicious iron. To-day our company is the only one left, and even we for a long period have been unable to keep our furnace in steady operation, while at the same time the importers have been bringing over and selling the foreign product. Possibly our industry might have been able to maintain itself on the present duty if conditions of manufacture had not changed so tremendously, but as it is now there is no hope for us except in a change of the tariff.

We do not wish to object to the electric-furnace manufacturers receiving proper protection, but we do firmly believe that manufacturers of blast-furnace ferrosilicon should also receive due consideration in the tariff, and we beg that the same may be accorded us.

We therefore ask that you remove ferrosilicon from paragraph 122 in the tariff and put it in paragraph 183 with the other ferro alloys (except ferromanganese, as to which the facts are very different and in which we are not interested). We also ask that you insert in paragraph 183, in order to prevent any doubt of the intention of Congress, some such words as "whether produced in electric furnace, in blast furnace, or by chemical process, or otherwise." As to the rate of duty, as before pointed out, we need a protection of about 37½ per cent ad valorem (on the foreign value) to compete (even without reckoning profit to us) with the foreign product at the seaboard, though possibly 30 per cent or 35 per cent ad valorem would enable us to compete in the Pittsburg territory.

We are authorized to state that we speak also for the Ashland Iron Mining Company, of Ashland, Ky., who also did manufacture ferrosilicon by the blast-furnace process, but who for a long time have been obliged to discontinue such manufacture. We are, sir,

Yours, very respectfully,

BESSIE FERRO-SILICON CO.

THE NORTHERN IRON COMPANY, PHILADELPHIA, PA., OBJECTS TO REMOVAL OF DUTY FROM SILICON IRON.

PHILADELPHIA, *December 17, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIRS: In the printed reports Colne & Co., New York, say:

We wish to place before your committee a few facts concerning the duty upon a certain quality of pig iron upon which, like all other pig iron, an import duty of $4 per ton is imposed. This pig iron is used in making steel with the surface-blown converter, and analyzes as follows:

	Per cent.
Silicon	2.25 to 3.50
Manganese	.50 to .90
Carbon	3.00 to 4.50
Sulphur	.03 to .04
Phosphorus	.03 to .04

This iron is very scarce in the United States, the production small, the price high, and is confined principally in the hands of one house. This quality of iron could be imported from England at a reasonable price, lower than the American quality even with the addition of freight charges.

For the past twelve years we have been engaged in the business of putting up plants for making steel by the converter process, and though we may have been able to develop it successfully to a certain degree, yet its wider extension has been very much hindered by the high price of the required pig iron. We have made efforts with several furnace men to make this so-called "silicon iron," but the demand for iron used in the open-hearth process is so great that no one cares to divert from his regular work.

By lowering or suppressing the duty on this high-silicon iron, you will not hurt any existing furnaces, as they do not make this brand of iron, and you will benefit all the industries mentioned.

We respectfully beg to state that these statements are untrue. This so-called "silicon" pig iron is what is known in the trade as "low-phosphorus" pig iron. It does not differ in any respect from pig iron used in the open-hearth acid furnaces, excepting that the silicon is somewhat higher. The open-hearth furnaces use iron usually with silicon from 1 to 2 per cent. The Tropenas converter, represented by Colne & Co., requires iron with silicon from 2.25 to 3.50 per cent. The same furnaces which make the open-hearth iron produce the so-called "silicon" iron. It is not true that only one house is interested in this matter. This iron has been produced during the past few years by the following concerns:

Northern Iron Company, Standish, N. Y.
Empire Steel and Iron Company, Catasauqua, Pa.
Bethlehem Steel Company, Bethlehem, Pa.
Pennsylvania Steel Company, Steelton, Pa.
Carbon Iron and Steel Company, Parryville, Pa.
R. Heckscher & Sons Company, Swedeland, Pa.
Carnegie Steel Company, Pittsburg, Pa.
Cambria Steel Company, Johnstown, Pa.
Stewart Iron Company, Cleveland, Ohio.
Cranberry Furnace Company, Johnson City, Tenn.

There has been no period during the past twenty years when an abundant supply of this iron has not been available from at least three to six of these furnace companies. More of the iron would have been produced had the demand called for it. Any discrimination in duty on this so-called "silicon" iron would be a distinct blow at the

capital and labor interested in the manufacture of low-phosphorus pig iron, and would be an injustice to users of low-phosphorus iron by the acid open-hearth process.

Respectfully, yours, NORTHERN IRON COMPANY,
W. S. PULING, *Treasurer.*

GAUGES FOR TESTING MACHINES.

HON. E. J. HILL, M. C., FILES LETTER OF GISHOLT MACHINE COMPANY, MADISON, WIS.

MADISON, WIS., *December 17, 1908.*

C. H. ALVORD,
Hendey Machine Company, Torrington, Conn.

MY DEAR MR. ALVORD: It has occurred to me that your friend, Congressman Hill, may be able to incorporate into the new tariff bill a provision that will be of great benefit to many of our manufacturers.

You, no doubt, have had some experience in trying to get through the customs-house sample pieces sent from across the water to be used for the purpose of testing out machines. We have had considerable of this, and it has always been necessary to pay duty on these samples, although in many cases the samples are defective pieces and sent here simply to enable us to determine whether or not special tools are made exactly right to accomplish the desired results. Not only is it necessary to pay duty on these samples, but no way has been found by which the duty would be refunded in case the samples were returned to the original owner. In other words, it is necessary for the foreign consumer to pay for the privilege of dealing with the American manufacturer by paying duty on something that is of absolutely no value except to the purchaser, and which, in most instances, could not possibly be made use of here in this country.

We had an extremely aggravated case lately, when we were sent a number of gauges to be used for testing tools, and, doubtless for insurance purposes, our customer placed a value of $450 on these gauges, which, of course, were valuable to him, but of absolutely no value to anyone else. There seemed to be no way to get these into this country without paying a duty of approximately $200, and if this duty had been paid no refund could have been obtained. Therefore we found it necessary to have the gauges returned, we taking the chances that our tools would be so nearly right that our expert, when it comes to starting up the machine (which is to go to France), will be able to make any necessary changes.

This matter of paying duty on parts sent here for the purpose of testing machines has been one that many manufacturers have been up against, and you can well imagine that it is very aggravating for the foreign customer to be charged with the cost of duty on such articles as mentioned. In order to guard against dishonest practices it might be necessary to collect the duty, but provision should be made whereby this duty could be refunded in case the parts were returned to the country from which they came.

I had intended, first, to write a letter along the lines above direct to the Ways and Means Committee, but it then occurred to me that it would have more influence if you would take this matter up with your friend, Mr. Hill, who, I am sure, will readily appreciate the necessity for taking the necessary steps to relieve many American manufacturers of a very embarrassing situation.

Hoping that this finds you well and that business is gradually improving, I remain, with best regards,

Yours, truly,

GISHOLT MACHINE COMPANY,
C. A. JOHNSON.

GOLD LEAF.

ROBERT E. HASTINGS SUBMITS SUPPLEMENTAL STATEMENT RELATIVE TO GOLD LEAF.

PHILADELPHIA, *December 11, 1908.*

HON. S. E. PAYNE,
Washington, D. C.

DEAR SIR: While giving my testimony yesterday on paragraph 177, concerning gold leaf, you asked me if I could put your committee in possession of German offers of leaf, as stated by me, in answer to which request I inclose a copy of a letter lately received. offering us at $6.04 per pack. This would indicate a still less than $6 offer, as stated by me, to their own people in New York City, as they never sell us as low as they do their own agents, for the reason that we being manufacturers would not push their product, so I send it to you as requested, as it fully confirms my statement.

2. You also requested that we file with your committee an affidavit as to what has always been understood as the standard size of gold leaf and which the present act was intended to cover. I beg to inform you that this was filed before leaving the building yesterday with the secretary of your committee.

3. In stating the factory wages cost as $2.28 per pack of 500 leaves I neglected to state that this did not include such legitimate factory cost in wages as superintendent, foremen, forewomen, melters and refiners, and the office force. Of course I did not include such business expenses as rent, power, gas, electricity, fuel, engineer, etc., and the 22 cents per pack of 500 leaves, added to bring the cost up to $6.50 per pack, would not more than pay these legitimate charges. If you can kindly correct my testimony to this effect, I will esteem it a favor.

COST SUBMITTED.

Gold	$4.00
Men	1.78
Women	.50
Foremen, forewomen, melters, refiners, rent, gas, electricity, fuel, engineer, etc	.22
	6.50

NUREMBERG, *November 18, 1908.*

MESSRS. HASTINGS & CO.,
Philadelphia.

DEAR SIRS: I remember with pleasure our former connections and beg to offer anew:

Best extra deep gold leaf, usual shade, standard quality, 22 carat fine.

$\frac{3\frac{3}{8}}{3\frac{7}{8}}$ by $3\frac{3}{8}$ $\left.\begin{matrix}\text{Mark } 36.00 \\ \text{Mark } 42.50\end{matrix}\right\}$ 2 packs of 500 leaves each,

free of sea-tight packing, free of freight, board steamer port of New York, and for quantities of at least 500 packs of 500 leaves in one case.

The lighter shade Klondyke is 0.25 marks per mille cheaper.

These prices are reduced so much that I hope you will not hesitate to favor me with regular larger orders.

Please consider my firm.

(Signed) GG. ERNST SCHAETZLER.

I certify the above to be a true copy of said letter of Mr. Gg. E. Schaetzler to Messrs. Hastings & Co., date November 18, 1908.

MARY CHERDRON.

This quotation is for the Klondyke shade, which is the shade nearest to that used in this country: 17.88 marks for each 500 leaves, which at 24 cents per mark is \$4.29; duty, \$1.75; total, \$6.04; delivered at the port of New York, all expenses paid.

2. You will observe the quotation for an increased size, 3⅜ by 3⅞, at 21.25 marks per 500 leaves, which is \$5.10; duty, \$1.75; total, \$6.85.

This size costs American manufacturers 85 cents more than the \$6.50 or \$7.35, hence they undersell our cost 50 cents on this size, for the reason explained by me in the testimony given yesterday, that the \$1.75 is not the proper duty for the increased size. We trust we have made ourselves perfectly clear to your committee as to the injustice done both the Government and the manufacturers in this country by permitting the same duty to be charged for the increased sizes.

Yours, very truly,

ROBERT E. HASTINGS,
Chairman of Tariff Committee on Gold Leaf.

HOOKS AND EYES.

THE AMERICAN PIN COMPANY, WATERBURY, CONN., ASKS RETENTION OF PRESENT DUTIES ON HOOKS AND EYES.

WATERBURY, CONN., *December 7, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: In behalf of the American Pin Company, of Waterbury, Conn., I desire to urge upon your committee the absolute necessity of retaining the present duties upon hooks and eyes and upon pins in the proposed tariff legislation, and would respectfully submit the following statement showing the conditions underlying the manufacture and sale of these goods and the reasons for the retention of the present duties:

Prior to the tariff act of 1897 hooks and eyes were not specifically enumerated in any tariff act, and in the tariff act of 1890 were dutiable under paragraph 215 at 45 per cent ad valorem, and in the act of 1894 were dutiable under paragraph 177 at 35 per cent ad valorem. The tariff act of 1897 specifically enumerated these goods and made them dutiable at 5½ cents per pound and 15 per cent ad valorem.

The benefit from this change, from an ad valorem duty to a duty partly ad valorem and partly specific, was immediately seen in the growth of the industry in this country. The specific duty rendered undervaluations practically impossible, and while the duty now as a whole is less than the duties of 45 per cent or 35 per cent ad valorem, yet its being partly specific has rendered it enforcible, and the result has been in an increase in the manufacture and sale in this country of hooks and eyes amounting to several hundred per cent, and, in fact, with the exception of some goods sold in bulk, which the foreign manufacturers can do with profit in this country even with the present duties, the trade of this country has been almost entirely supplied by American manufacturers. I would state most positively, however, that there are practically no hooks and eyes whatever other than those protected by patents exported from this country, and American manufacturers can not compete with foreign countries outside of this country with these hooks and eyes, either carded ready for market or in bulk. They never have been exported and are not exported now.

Right here I would call the attention of your committee to the price of these goods from 1890 to 1898. With the ad valorem duties the market was very largely supplied by foreign manufacturers, and the small volume of business in this country necessitated a high cost, and the price ranged at about $2 per great gross for these goods. Immediately following the passage of the present tariff act of 1897 the volume of business increased very heavily in this country, and the cost of production was thereby decreased to a very great extent and the same brands of goods which were sold immediately prior to the passage of the present act at about $2 per great gross are now sold at $1 per great gross, and have sold at this lower price for a number of years. It is a well-recognized fact that the fixed charges of a concern do not increase with an increased proportion of business, but should materially decrease if spread over a large volume. This was the case with hooks and eyes to a very great extent, and the protection of a specific duty of 5½ cents per pound and an ad valorem duty of 15 per cent has made it possible to cut the cost of production over one-half, and the manufacturers of this country have given the people of the country the benefit of it.

It is true that hooks and eyes are made upon automatic machines, but the hook and eye, as it drops from the automatic machine, is a very small part of the cost of a great gross of hooks and eyes, as demanded by the consumers in this country. Many times endeavors have been made to sell the consumers a small gross in a box for the purpose of cheapening the production, but they are not acceptable to the trade and will not be bought in this form. The trade will not accept them unless they be affixed to cards for the general merchant. The only goods that are sold in bulk or in small boxes are such as are sold to the manufacturing trade, and with the present duty the foreign manufacturer is able to send these goods into this country and

sell them at a less price than they can be furnished by American manufacturers in bulk. The printed reports of "Imports entered for consumption" show the following imports from 1898 to 1908, inclusive, but, as I have said, these goods are imported practically in bulk and for the use of manufacturers and not for the use of trade in general throughout the country.

Year ending June 30—	Quantity.	Values.	Year ending June 30—	Quantity.	Values.
	Pounds.			*Pounds.*	
1898	237,867	$43,666	1904	37,563	$7,403
1899	122,606.22	23,633	1905	37,215	6,428
1900	119,954.33	23,624	1906	43,701	7,852
1901	63,572	15,033	1907	23,164	4,702
1902	64,569.59	16,236	1908	14,069	2,518
1903	47,808.25	9,212			

This table shows that the home market for these goods is now practically in the hands of the American manufacturer; but, as I have said before, the amount of production has increased many hundred per cent and the price has been lowered to the consumer in the neighborhood of over 50 per cent. The benefit to this country from the change in this duty, both to the consumer, operative, and manufacturer, can be very readily seen. This in itself shows most conclusively the necessity for the retention of the present specific and ad valorem duty.

As to the cost of these goods to the manufacturer, I would add further, that after they come from the machine they must be nickel plated, silvered, or enameled. This is not an expensive operation and would not add materially to their cost, but up to date no successful process of placing these hooks and eyes upon cards has been discovered whereby it can be done by machinery which is automatic, and ever since the manufacture of these goods in the United States they have been carded by sending them out into the hands of families, and to-day the American Pin Company has, within a radius of 30 miles, a six months' supply of these goods in the hands of families, who sew them on by hand at their leisure, at prices as shown below, because it would be impossible to do this work by hand within its mills at the ordinary day wage and compete with the low-priced labor of foreign countries.

And in this connection I desire to call the attention of the committee to the prices paid in this country for the different items of labor entering into the manufacture of hooks and eyes until they are ready to be distributed to consumers. The price paid for sewing these goods upon cards in the hands of families amounts to from 30 cents to 35 cents per great gross, while for the same work of carding in foreign countries, Germany pays 6 cents and England 8 cents to 10 cents per great gross. The selling price of these goods having been already stated as $1 per great gross, it will be seen that the cost of putting the goods upon cards alone is about one-third of the selling price.

In addition to this the foreign manufacturer pays for the operation of his automatic machines which produce these goods in England $10 per week and in Germany $7.50 per week, against the price paid by this company for the same help from $18 to $20 per week.

The girls who do the packing of these goods earn in England $3 per week and in Germany $2.70 per week, against from $8 to $9 per week for the same work in this country.

The same difference in wages applies to the manufacture of paper boxes, 12 of which are used in the putting up of hooks and eyes, and in addition to the 12 boxes a container large enough to hold the same. And the difference above set forth in wages extends throughout all articles that are manufactured, any part of which is needed toward the completion of a great gross of hooks and eyes ready for the market. The foregoing figures are taken as applying to the brand of goods manufactured by this company and having the largest sale.

At the risk of making this brief too long, I incorporate here a personal letter from Mr. William R. Willetts, superintendent of the American Pin Company, to Mr. George A. Driggs, its treasurer and general manager, under date of November 19, 1907, as it emphasizes most forcibly the statements I have made above in regard to the conditions in foreign countries. I would call the attention of the committee to the date of this letter, it having been written in November, 1907, at a time when it could not have been conceived that it could have been written with any thought as to its bearing upon any subsequent tariff legislation. The names of the parties upon whom Mr. Willetts called have been omitted from this letter for obvious reasons.

NOVEMBER 19, 1907.

MR. DRIGGS:

Aside from the business which was really the cause of my going abroad into England, Holland, Belgium, and Germany I found very much of interest on the subject of the American tariff as against the different countries that I visited. I was met with the same expression in all four countries, both from small and large manufacturers.

For instance, I had to call on ——— ———, of Stohlberg, Germany, the largest manufacturers of hooks and eyes in the world, and there I met their managing director, Mr. ———. I went into the prices of bulk hooks and eyes and found that the common goods could be purchased at about the price of raw material. I asked for an explanation and the explanation given was that they had any amount of machines for making those goods that have been idle for years, and when this information was given I was also told that they presumed I knew the reason why they were lying idle and that my country (meaning the United States) was to blame for it.

Mr. ——— was free to state that he looked upon that tariff wall as something abominable and unsurmountable, so far as they were concerned, but that it was always in their minds as something to hope for in the way of a disappearance of it, and the impression I gathered from him was that there is not anything reasonable he and his fellow-German citizens would not do to remove that tariff wall.

My next call was at ——— ———, Brussels, Belgium, upon the ——— ———. I found that the price on common hooks and eyes there was very low, and that the same conditions obtained as regards the machinery they had for making the same, and I was told there by their managing director that before the high American tariff was put into effect those machines were run night and day and they could hardly make goods enough, and at the present time and ever since that tariff had been put into effect they could not keep more than a quarter of them running.

At this place as well as at ——— I received the information that it would not be necessary to abolish all, or even half, of the tariff to enable them to start the machines up and send the product of same into America.

The next information received on this subject was when I visited the ——— ———, of Birmingham, England. There I met Mr. ——— and we had quite a lengthy argument upon the subject of the American tariff. It was easier for me to understand Mr. ——— than the other people mentioned above, Mr. ——— being an Englishman and speaking plain English, which was not entirely so

in the case of the others; and I will say right here that Mr. ——— did not hesitate at all to use very plain English when he was speaking on this subject.

He admitted that our American workmen had attained a standard much higher than the standard of any people in any country he knew of, and in the case of England itself he thought that the American workmen and citizens were 50 per cent better off than the English workmen, and that in his opinion there was no other one thing to account for it other than our protective tariff. He said to reduce that by 33⅓ per cent and it would then enable them to show us that they could make goods to compete with us; that it would not be necessary to take it all off, nor even half of it, but that we had got it just to about that point where it was utterly impossible for them to make hooks and eyes and send them over here and make any profit. He became quite enthusiastic on the subject, and you know he and his family have been in the business for a great many years (and they are now the largest manufacturers of hooks and eyes in the British Kingdom); and he told me of conditions which obtained previous to the American tariff of 1897, which were that they had machinery which was producing in value £30,000, and that immediately upon that tariff going into effect this was cut in two and they were only called upon to produce half of that amount, £15,000, and that it had continued that way for quite a few years, until they had been able to increase it somewhat by going into business relations with their different colonies and other countries, but not the United States. Their exports into this country to-day are very small indeed.

All this information could not help but bring to my mind the condition of affairs in the Canadian market, which you know as well as I, and the conditions there prove out to my entire satisfaction that the information I received was authentic, for a summing up of the condition in Canada is, as you know, that it is impossible for Canadians (and they are equal to Americans, in my opinion), even with the aid of the most up-to-date American machinery, to manufacture and market the goods in such a manner as will give them a profit with the tariff now existing between Canada and England, which, as I remember it, is 35 per cent ad valorem and the English preferential on the goods in question.

W. R. W.

PINS.

As to pins, I am free to state that these are made upon automatic machines and are also stuck upon papers by machines, but the cost of labor connected with all of the operations is so much greater in this country than in foreign countries that the retention of the present duty of 35 per cent ad valorem is necessary for the successful competition by the manufacturers of this country with those of foreign countries.

In this country the price paid operators upon pin machines is from $18 to $21 per week, while in England it is $10 to $12 per week. Boy tenders in this country are paid $7.25 to $9 per week, and in England are paid $3.50 to $4 per week, and, in addition, in England girls are used to do this work; and in doing this we feel that they are wrong, for the manufacturers of pins do not look upon this occupation as a fit one for girls, for the duties necessitate their being amongst rapidly running machinery, which is made up of a multiplicity of belts, gears, etc., which are very dangerous, as there is great danger of dresses, hair, etc., becoming entangled therein. Machine repairers in this country are paid $16.50 to $19.50 per week, and England pays $10 to $12 for the same work; $7.50 to $8.50 is paid here for girl operators on stickers, and in England $5.40 per week is paid, and from this the operator is obliged to take sufficient to pay a girl tender, and, in addition, to pay the concern for which she works 12½ cents per week for the gas used in heating the stickers.

It is not necessary to enumerate further the difference in wages in detail, but there are many other people employed, such as rollers, in-

spectors, packers, and whiteners, and the percentage of difference in the wages paid is about the same. In addition, what I have heretofore said in relation to hooks and eyes as to cost of paper, paper boxes, etc., applies in the case of the manufacture of pins and making them ready for the market.

I would also add that the actual figures, as compiled by the company I am representing, show that 33 per cent of the total labor cost of a pack of pins is hand labor and of such a character that the possibility of its ever being done automatically is very remote.

The market for the American manufacturer of pins is entirely the home market, and less than one-half of 1 per cent of the total quantity of pins manufactured in this country are exported, and those only in certain forms to meet certain conditions.

Even with the present duty there is a very large quantity of pins imported into this country, the government reports showing the following imports since the passage of the tariff act of 1897:

Year ending June 30—	Values.
1898	$125,559.00
1899	117,389.50
1900	130,264.20
1901	132,102.00
1902	134,093.00
1903	128,229.38
1904	138,724.50
1905	138,431.00
1906	149,403.50
1907	155,798.54
1908	151,778.85

It is impossible to ascertain from the government statistics just the proportion of the foregoing values as applies to pins only and not to hairpins, safety pins, hat pins, etc., but it is a fact that a very large proportion of these values does apply to pins solely, and carefully gathered statistics show that the amount of pins imported is more than one-sixth of the total value of pins manufactured in this country.

I am instructed to state to your committee by the company I represent that any further statistics or details in relation to the method or manner of production or to its cost will be very readily given your committee upon request, and in conclusion I would most respectfully urge upon your committee, for the reasons given above, the necessity to the manufacturers in this country of retaining the duties as now existing both upon hooks and eyes and upon pins.

Respectfully submitted.

American Pin Company,
By John P. Kellogg, *Its Attorney.*

HORSESHOE CALKS.

THE H-CALK COMPANY, NEW YORK CITY, ASKS FOR LOWER RATE OF DUTY ON THESE ARTICLES.

New York City, *December 11, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: We are engaged in the importation of horseshoe calks, for which there is no specific provision in the tariff act of 1897, and

which have been assessed with duty under the general provision for manufactures of metal in paragraph 193, Schedule C, at the rate of 45 per cent ad valorem, and we desire to submit for the consideration of your committee certain statements of fact and reasons which we believe will convince you that these articles are entitled to a lower rate of duty than that under which they are at present assessed.

On Wednesday, November 25, 1908, Mr. Warren R. Chase, representing the Sterling Manufacturing Company, of Hartford, Conn., appeared before your committee and made application for an increase in the rate of duty covering these goods in the tariff act now in the course of preparation, and his remarks are reported in pages 1970 to 1974, inclusive, of Tariff Hearings, first print, No. 17. There are certain statements made by Mr. Chase to which we wish to take exception, as we deem them inaccurate, to say the least.

At page 1972 Mr. Chase is reported as saying that—

> At the present time there are four different manufacturers in the United States, having an invested capital of about one million and a quarter dollars and employing about 400 hands. Their annual product is from about $1,000,000 to $1,200,000.

We have ascertained from reliable sources that the capital invested by the Neverslip Manufacturing Company, of New Brunswick, N. J.; the Williams Drop Forging Company, of Scranton, Pa.; the Sterling Manufacturing Company, of Hartford, Conn., and the American Calk Company, of Detroit, Mich., which concerns manufacture practically all of the horseshoe calks produced in this country, is not more than $350,000 in the aggregate, and their total output, based upon the selling price to the jobbers, is not more than $500,000 per annum.

Mr. Chase has stated (p. 1971) that his selling price is $26 per thousand, whereas we know positively that he has sold during the years of 1907 and 1908 all his product to the H and Rowe Calk Company of New York and the H and Rowe Calk Company of Hartford, Conn., on the basis of from $11 to $13.50 per thousand for the half-inch calks, which are the average size of calk and are the size to which he refers throughout his argument. He states that during the last year (presumably 1907) there were from twenty to twenty-five thousand dollars in value imported (p. 1972). For the further information of the committee we desire to state that within the past three years horseshoe calks of the value of $52,000 have been imported, as follows: Maldonado & Co., H-Calk Company, and H and Rowe Calk Company, $43,000; Neverslip Manufacturing Company, $7,500, and others less than $1,500. Of this amount, approximately $8,000 have been exported to Canada, and there are $6,000 worth still in bonded warehouse, leaving a balance of, say, $38,000 foreign product consumed in this country.

The witness takes no account of the fact that of all the importations only 23 per cent are what are known as "steel-center" calks, which are the same design as those manufactured in this country, and that the balance, namely, 77 per cent, of the importations are what are known as "H" calks, so called because the sharpened end which prevents the horse from slipping is in the form of a letter H, and which have never been made in the United States, and therefore can not be said to come in competition with the domestic product.

The first steel-center calks were imported in 1907 and were made especially for the Sterling Manufacturing Company according to

samples furnished by them, and they agreed to purchase 1,000,000 calks in 1907 and 2,000,000 calks in 1908 at a duty-paid price landed in New York of $11.50 per thousand, and these are the calks which the witness refers to on page 1971 as being offered at $15 per thousand throughout the country. The Sterling Manufacturing Company rejected these calks on the ground that they did not accord with the specifications, to wit, to be in every way up to the quality of the sample of domestic calks submitted to the German manufacturers when the order was placed, and we can draw no other conclusion from their refusal to accept delivery than that they could manufacture the same in this country of an equal quality at considerably less than the equivalent of the duty-paid price of $11.50 per thousand.

The horseshoe-calk business in this country is practically controlled by the Neverslip Manufacturing Company, who produce approximately 85 per cent of the domestic product and who actually fix the selling price to jobbers and consumers, and who, we understand, are now negotiating with the Sterling Manufacturing Company to take over their business.

The consumption of the imported article during the past three years, outside of those exported to Canada, has been approximately three million calks, and if this be compared with the consumption reported by the Sterling Manufacturing Company of forty to fifty million calks per annum (p. 1974), it will be seen that the domestic interests already control 98 per cent of the market in this country for this merchandise. If we take the statement of Mr. Chase, that about twenty to twenty-five thousand dollars was imported last year, and figuring on the one-half-inch calk at a value of, say, $11.50 per thousand, which would be equivalent to two million calks, and take also his statement that forty to fifty millions are sold in this country annually, it will be seen that from his own figures the domestic interests have control of approximately 95 per cent of the consumption of this country.

COST OF PRODUCTION, COMPENSATORY DUTIES.

Mr. Chase states (p. 1971) that the one-half-inch calks are imported at a valuation of $5.37 per thousand, which is substantially correct for the steel-center calks, whereas the H calk is invoiced at $6.71 per thousand. If we add the duty of 45 per cent ad valorem and 8 per cent for freight, insurance, and other expenses, the landed cost is, say, $8.22 per thousand for the steel-center calks and $10.27 for the H calks, and we have no hesitancy in stating that we believe this to be more than the actual cost of production in this country of a like article unless there is wasteful extravagance in the administration of the mill producing such goods, for the reason that this product is turned out entirely by machine work; and we think the time has gone by when it can be said that skilled American workmen operating such machines can not produce a greater quantity in a given time than the foreigners who manufacture the imported article, and we insist that the rate of wages paid and the slight difference in the cost of materials is more than covered by the additional cost of duty and expenses of shipping to this country.

It is further urged that in view of the representations heretofore made to your committee, it is confidently expected that the rates of

duty on the materials which enter into the manufacture of these goods will be materially lowered, and it is therefore submitted that with the additional benefit accruing to the domestic manufacturer, because of the lessened cost of his materials, that the present rate of duty would more than compensate for the difference in the cost of production. It may be added that if the Sterling Manufacturing Company's cost of production seems comparatively high, it is due to the very small quantity produced by them in 1907 and 1908, say, one and one-half million calks, valued at not more than $20,000, whereas a plant valued at $10,000 is capable of turning out five to six million calks per annum, which valued on the same basis, would be, say, $75,000. The raw material entering into the manufacture is rolled steel bars, which are worth about 1 cent per pound more in the United States than in Germany, which is equivalent approximately to $1 per thousand for half-inch steel center calks, and the cost of labor in Germany for the same article is 2.12 marks, equivalent to 50 cents per thousand, which is less than 10 per cent of the invoice price of $5.37, and with a mill running at full capacity there is no question but that they can be manufactured within 10 to 15 per cent difference in the labor cost here and abroad.

SUGGESTED CHANGES IN LEGISLATION.

At page 1974 Mr. Chase requests that you grant them a duty of $10 per thousand, and states that it will not in any way affect the price to the consumer for the reason that all they want is to maintain their present prices, namely, $26 per thousand.

We must refrain from too extended comment upon such a request, for it seems clear that if it is necessary for an American manufacturer to have a protective duty of $10 per thousand on an article landed in New York at $5.37 per thousand, exclusive of duty, or equivalent to almost 200 per cent ad valorem, such a manufacturer does not deserve any consideration. It may further be noted that these calks are made in different sizes, and that the levying of the same amount of duty on all calks regardless of size and cost would be inequitable, and it is therefore suggested that the duty should be on the basis of so many cents per pound.

We earnestly advocate specific duties wherever your committee feels justified in granting them, for the reason that ad valorem duties are the source of constant litigation, and importers and government officials alike are harassed continually by such concerns as the Neverslip Manufacturing Company, who were indirectly responsible for the agitation as to the values within the past two years, and which litigation has finally terminated in having the invoice values of our goods sustained. With 85 per cent of the consumption produced by one concern in this country, and the next largest domestic competitor affiliated with this manufacturer, the only check on heavy advances in price to the consumer is foreign competition, and we may add that any rate of duty higher than the present rate would be prohibitive, and, in addition to placing a large tax on the consumer, would deprive the Treasury of much needed revenue.

The reasons for the comparatively small importations of this article heretofore have been as follows: First, the selling price is exceedingly high because of the necessity of extensive advertisement, so

that it will reach the consumer's attention; second, the ad valorem duties have proven a serious handicap in preventing free development of the business due to the agitation as to values above referred to; third, the rate of duty at present applicable—namely, 45 per cent ad valorem—is greatly in excess of a compensatory duty.

We confidently assert that if your committee will grant us a reasonable specific duty that the farmers and truckmen throughout the country can be educated to realize the benefit accruing from the use of this article in place of the old-fashioned stud or nonslipping device now used on a great majority of horseshoes, and that the consumer will benefit by a lower price and the Treasury be enriched by much larger revenue while the consumption is being gradually developed to where it belongs.

An equitable specific duty would be, say, 2½ cents per pound, which would be sufficient to offset any difference in the cost of production in Germany and this country, and which would therefore allow both the domestic and importing interests a fair opportunity to develop this business.

NEW PARAGRAPH SUGGESTED.

Horseshoe calks made of iron or steel, two and one-half cents per pound.

If your committee is not disposed to specifically enumerate horseshoe calks in the new tariff act, we submit that the foregoing statements as to the difference in the cost of production, because of lower rates of duty that may be granted on the imported material, apply with equal force to all manufactures of metal, and we therefore suggest that if these articles are to be classified under such a general provision that said provision should be at a rate of not more than 25 per cent ad valorem.

Respectfully submitted.

THE H-CALK COMPANY.

BROOKS & BROOKS,
Attorneys for Importers.

IRON AMD STEEL.

CHARLES EUGENE CLARK, COVINGTON, KY., ASKS NECESSARY PROTECTION FOR THE SMALLER PRODUCER.

CHICAGO, *December 18, 1908.*

CONGRESSIONAL TARIFF REVISION COMMITTEE,
Washington, D. C.

DEAR SIRS: Having been formerly engaged in the iron-foundry business in Covington, Ky., where I now reside, I desire to state such facts as have come to my knowledge from my connection with the iron industry.

In my brief experience I always found that the small manufacturer and producer paid more for labor and got smaller results from his business and its investment than the larger producer.

The percentage and average cost of production of an article of the iron and steel industries is smaller to the large operator than to the small operator, who is always at a disadvantage.

The average ironworker, "employee," always feels that he should receive a larger price per ton for his work than an employee doing

similar work in a plant of greater capacity, because the output, or tonnage, in the large mill far exceeds in a given number of hours, or heats, that of a smaller plant.

The larger plants are always equipped with the latest machinery, are most ably managed, and larger and better results accrue to both employer and employee in same than will accrue to the owner and employee of the smaller mill, or manufactory, because it is absolutely physically impossible for the smaller mill to produce the weight of metal in the same given hours as the larger mill. Consequently the ironworker is dissatisfied in the smaller plant, wants a better scale, and the better or more skillful workmen naturally drift to the big mills, where they can produce the bigger tonnage in a given time and secure a greater recompense for their labor.

So you see that the smaller producer always labors under a great disadvantage.

If protection is of advantage to the iron and steel industry, then surely the small producer stands in sore need of it. The larger producers, such as the United States Steel Company, The Republic Iron and Steel Company, and the Sloss-Sheffield Company, with their immense plants, great coal and iron fields, could produce steel and iron under a modified tariff profitably, perhaps, when the smaller producer would under the same reduction be compelled to run at an inadequate profit, or driven to bankruptcy.

In my humble judgment, it is necessary to adequately protect the iron and steel industries in order that the smaller producers shall not be driven out of business and wiped off of the map.

He who bores with a big auger produces large results, while he who bores with a smaller one produces less results, but all are necessary factors in fulfilling the wants of the nation and adding to its wealth and prosperity.

Very sincerely, yours, CHAS. EUGENE CLARK.

KNITTING-MACHINE NEEDLES.

CONTINENTAL LATCH NEEDLE COMPANY, NEW YORK CITY, WISHES LOWER DUTY ON LATCH AND SPRING NEEDLES.

NEW YORK, *December 3, 1908*.

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

SIR: I wish, as an importer, to submit that the duty on knitting-machine needles is higher than is necessary for the proper protection of the American needle industry, and ask that the extra $1 per 1,000 be omitted.

The domestic needle manufacturers' prices are lower than ours in every kind of needle and we are only able to do business in this market, because up to the present the German article has proved superior in finish and wearing qualities to the domestic article. As, however, the latter has improved greatly in the last five years and is still improving, the position of importers is fraught with considerable danger unless the high duty is reduced.

Certain lines of latch needles of a simple nature can not be imported at a profit, because they are made just as well here, and unless

we meet domestic prices we can not do business. On the finer and more complicated styles we can do business, in spite of the fact that our prices are uniformly higher than those of our domestic competitors, from $1 to $5 per 1,000 higher.

As to spring-beard needles used in circular underwear machines, sold here at prices ranging from $2.25 to $5, we are absolutely shut out, owing to the extra $1 a thousand. For instance, the cheapest of these needles, sold here at $2.25 to $2.50, can not be bought in Europe under $1.25 to $1.50 per thousand, which, with duty and charges, brings them up to about $2.60 and $2.95, respectively; that is to say, they cost us 15 per cent more than they are sold for here. To these prices must be added our profit.

In view of these circumstances, I would submit that the tariff on knitting-machine needles should be revised thus:

	Per cent.
Latch needles	25
Spring-beard needles	35

Which would enable us to compete with our American competitors on more even terms. On latch needles our prices would still in many cases be higher than American prices, but on spring needles, which are made quite as well in this country as in Germany, and where excessive protection is unnecessary, they would be about the same.

The result of such a change of tariff would be an increased revenue for the Government and a decided benefit to the hosiery and underwear manufacturers of this country, as those who prefer German needles would effect a saving of about 10 per cent on their needle account.

The expenses of importing needles are very high, for large stocks are necessary, and almost all needles used in this country are special needles for the German needle factories, the machines used here being quite different. I make this plea for reduction of the tariff not in order to be able to undersell the American producers, but that we may be given a more even chance with them. Nor do they suffer from German competition, for in normal times, with mills running full time, there is always a shortage of needles, and if it were possible for us to import some of the cheaper lines at a profit the knitting industry as a whole would be benefited and the United States revenue increased.

Trusting that you will be able to give this plea your favorable consideration, and placing myself at your service, if you wish any further information, I am, sir,

Yours, respectfully, E. W. L. Jasper.

KNITTING MACHINES.

THE TEXTILE MACHINE WORKS, READING, PA., WISHES HIGHER DUTY ON THESE MACHINES.

Reading, Pa., *December 14, 1908.*

Committee on Ways and Means,
House of Representatives, Washington, D. C.

Gentlemen: Permit us to call your attention to an article manufactured by us which does not, in our opinion, in the tariff act of 1897, receive the protection that it is entitled to. We refer to knit-

ting machines for making "full-fashioned" hosiery. We inclose herewith a small cut illustrating this machine and beg to submit for your consideration the following facts:

Machinery of this kind is now dutiable, according to paragraph 193, Schedule C, "Articles or wares not specially provided for in this act, composed wholly or in part of iron, steel, lead, copper, nickel, pewter, zinc, gold, silver, platinum, aluminum, or other metal, and whether partly or wholly manufactured, 45 per cent ad valorem."

We have been manufacturing machinery of this class for the past eight years, but have found it extremely difficult to compete in price with imported machines, coming principally from Germany. This is due entirely to the fact that our labor is from 100 to 200 per cent more expensive than the same class of labor is in Germany.

The market value of these machines in this country is to-day about $2,500, and the comparative cost of the same is as follows:

	Germany.	United States.
Material	$400	$500
Labor	650	1,500
Cooperative expenses	100	200
	1,150	2,200

The above schedule is as nearly correct as our knowledge of the conditions of this industry, both here and in Germany, allows us to figure the costs. We have a number of workmen in our employ who formerly worked in the same trade in Germany, and the rate of wages which they command here varies from $15 to $25 per week, whereas for the same work the German workman of the same efficiency receives $6 to $12 per week.

On these highly complicated machines, composed of 45,860 parts, the cost of labor is two-thirds of the total cost of the machines, and it is plain to be seen that a duty of 45 per cent is not sufficient to cover the difference between the labor cost here and abroad, plus an adequate profit for the capital employed.

The weight of these machines as we build them is approximately 8,000 pounds, while most of the German machines weigh only 6,000 to 6,500 pounds. The price at which these machines are generally invoiced by the German manufacturers is approximately $1,500. They are generally shipped to a representative in this country who, in turn, sells them to the manufacturers of hosiery. The cost to the agent of the foreign builder is approximately $2,150, or less than our cost

Some of the items used in the construction of these machines, such as knitting-machine needles, have to be imported by us, and the duty we have to pay on these articles, according to paragraph 165, is $1 per thousand and 25 per cent ad valorem. The German price for these needles is 10 marks per thousand, which brings the duty we have to pay to 65 per cent.

The manufacturer using our machinery for making hosiery enjoys at the present time a protection of approximately 65 per cent on his product, which is, in our opinion, required to give him the proper amount of protection. The proportion that the cost of labor bears

to the market price of the finished article is not any higher, however, than it is for the machines on which the hosiery is made, and the difference in the cost of production on account of higher wages paid is just as much on our machines as it is on the product they produce.

We would respectfully ask that in framing the new tariff bill our case be given due consideration, and that a special item be included in the metal schedule providing for a duty on "full-fashioned" knitting machines of 10 cents per pound, but that in no case this duty shall be less than 50 per cent ad valorem.

We will be very glad to have our representative call upon you and submit to you such further proofs or give such testimony as in your judgment may be desired to support the position advocated above.

Yours, very truly.

TEXTILE MACHINE WORKS,
By FERDINAND THUN,
Secretary and Treasurer.

LEAD.

MARSHALL D. SMITH, GEORGETOWN, COLO., SUBMITS BRIEF RELATIVE TO PRODUCTION OF LEAD.

GEORGETOWN, COLO., *December 10, 1908.*

Hon. SERENO E. PAYNE,
Chairman House Ways and Means Committee,
Washington, D. C.

RESPECTED SIR: Inclosed herewith I take pleasure in handing you a carbon copy of letter to the Denver Daily Republican, published in their issue of December 10.

While I realize that it is very late in the day to present material of this nature to you, I trust that it may be of some slight service and tend to show in a measure what the situation is with us lead producers and what our sentiments are in general if we would express them when called upon to as a matter of justice to ourselves and as a duty to those who are so earnestly endeavoring to represent us and act wisely for the best interest of all concerned.

Thanking you for the opportunity afforded us for thus addressing you in our behalf, I am,

Very respectfully, yours, MARSHALL D. SMITH.

DECEMBER 8, 1908.

WILLIAM STAPLETON, Esq.,
Editor and Manager of the Denver Republican,
Denver, Colo.

DEAR SIR: A short time back I noted an editorial in your paper in which those interested in the production of lead were urged to address Chairman Payne, of the Ways and Means Committee, furnishing him facts and figures concerning the industry, thereby enabling him to arrive at a more just and intelligent understanding of the situation. Our able Representative, Mr. Bonynge, has also made it known, through the columns of your paper as well as other publi-

cations, that what is needed by the defenders of the lead-producing interests is not protest, but reliable data.

Up until the present time, being one who is largely interested in the production of lead, I have scanned the columns of various publications in vain and with deep regret for the purpose of ascertaining if this reliable data had been forthcoming from the pens of those not only deeply interested but eminently able to defend the cause.

In the editorial columns of your issue of December 6 I note that you again urge the producers of lead to address Mr. Payne in their behalf, supplying him with all possible definite information concerning the cost of mining and producing lead and its relation to the tariff and quoting a portion of Mr. Payne's reply to Mr. Edward Dozier, of Farmington, Mo., a witness before the Ways and Means Committee, testifying in regard to the production of lead in Missouri. A portion of this quotation is such that I can not refrain from presenting to both you and Mr. Payne a few of the facts concerning the production of lead, with which I am familiar. The quotation referred to is as follows:

> I think it would throw light upon that subject if you could furnish figures showing the cost per pound of mining there in your district. You say it is difficult. It does not appear to me that there is any difficulty, with proper bookkeeping, in showing the number of tons taken out for a definite period and the wages paid out during the same period. That is an easy proposition, or should be, in a well-conducted company.

During the years 1901, 1902, and 1903 I was engaged in operating a lead property in the disseminated lead district of southeastern Missouri and but a few miles distant from Farmington, the residence of the above-named witness, Mr. Dozier. During that period we (as well as the other large lead producers of that district) estimated that the quotation of lead needed to be in the near neighborhood of $4 per hundred pounds, and that the grade of ore mined could not fall below 4 per cent in lead, or, in other words, contain less than 80 pounds of lead to the ton of ore in order to break even and something better than this to operate to a profit. In other words, 80 pounds of lead times $4 per hundred=$3.20 per 80 pounds, or $80 per ton, was what it then cost to produce lead from that grade of ore in that district. Furthermore, it was estimated by engineers thoroughly familiar with that district, among whom I may name such men as Frank L. Nason, of New Haven, Conn., and Arthur M. Winslow, state geologist of Missouri, that the average grade of the commercial bodies of ore in the Fat River district of southeastern Missouri was not above 7 per cent. It should be easy to see from these figures what effect the slighest reduction in the present tariff upon lead would mean to one of the largest sources of its supply in the United States. The production of lead in that section has been reduced to such a fine science and has been carried on upon such a small margin for so many years that if Mr. Payne has not been supplied with an abundance of data corroborative of the above it is certainly beyond my understanding.

Concerning the production of lead in our own State, Colorado, it is entirely a different matter, a matter which, with the exception of probably not over half a dozen mines in the entire State, could not be reduced to anything like facts and figures and in the case of those exceptions only for limited periods of time. To illustrate this point, I

will relate an incident of the time of the silver agitation prior to 1893 which occurred on the streets of Boston.

JONES. Why, they tell me that silver can be produced for 25 cents an ounce out there in Colorado. What do you know about it, Brown? You did some mining out there.

BROWN. Yes; I spent about $30,000 out there in one locality.

JONES. Well, what did it cost you to mine silver?

BROWN. Don't know. Never mined a d——d ounce.

JONES. What did you ever do with the property?

BROWN. Sold it to some New Yorkers.

JONES. What did they do with it?

BROWN. Struck it rich within a year and took out several hundred thousand dollars.

This is a narration of facts with the names slightly changed. and is a fair sample of innumerable instances of more or less similar circumstances in all branches of metaliferous mining in the Rocky Mountain region.

To determine what it costs per ounce to produce silver in the above instance, or we will simply shift on to the other foot and call it lead, one would need to know what Jones paid for the property, his complete expense account of operating and maintaining the property while in his possession, as well as what the New Yorkers paid Jones for the property and a full and complete account of all their expenditures, and in many instances the same in regard to a number of holders prior to Jones.

Personally, I can state that for more than a year now I have been operating a lead-silver property to a loss, hoping that lead would again reach the $5 mark, which would enable me to mine a large block of ground to a profit which is low in silver values, but contains quite a per cent of lead. In short, this is one property which can not produce lead at the present quotation of $4.30 per hundred pounds, including a coincident product of silver and some gold. It may not be necessary to suggest that my operations to a loss of this property have consisted entirely of a further development of its resources and not the production of the metal in question.

If Mr. Dozier, of Missouri, considers it difficult to furnish figures showing the cost of mining in his district, I can simply say that a sizeable volume might be compiled concerning the ins and out of mining in the Rocky Mountain region in general toward the same end and leave no one the wiser. In southeastern Missouri, as well as some other large lead-producing localities, all the conditions are so similar that what applies to the mining of one deposit will apply fairly well to the mining of another, whereas in the fissure-vein mining of the Rocky Mountain region in general it is nearly impossible to find any two deposits of any metal the mining of which would be equally applicable to both.

It will be many years, in fact, if the time ever comes, when deposits of ore of various metals throughout the Rocky Monutain region ranging in value up to several million dollars may not be produced to a profit regardless of their market value, so rich will the ore be in whatsoever metal it may contain. Some of these deposits may require the expenditure of but a few hundred dollars to discover, while others may be discovered only after the expenditure of many times their value. The possibility of discovering one of these largest deposits with the minimum of expenditure is the incentive which will keep mining men digging for all time to come.

But I want to ask, is this gambling chance a just and suitable factor upon which to base the cost of mining any of these metals? Since it seems nearly impossible throughout large sections of the country to determine with any degree of definiteness what the actual cost of production is of an ounce of silver, an ounce of gold, a hundred pounds of lead, a hundred pounds of zinc, a pound of nickel, a pound of cobalt, a hundred pounds of tungsten, and other metals, would it be amiss in coming to a decision concerning the present tariff issue to consider the fact that there are to-day innumerable deposits of the ores of lead and zinc throughout the Rocky Mountain region unhesitatingly designated by mining engineers in general as being of commercial quantities and value which are lying idle and not being mined for reason of the present low price of these metals? It is needless to state that it is quite evident that Mr. Payne shows every intent of fairness and is making every reasonable effort to arrive at a just and equitable decision concerning the tariff on lead and zinc as well as all other commodities.

Yours for prosperity,

C. F. KENDALL, MANAGER PAY ROCK MINES, SILVER PLUME, COLO., WRITES RELATIVE TO LEAD PRODUCTION.

SILVER PLUME, COLO., *December 15, 1908.*

Hon. SERENO E. PAYNE,
Chairman House Ways and Means Committee,
Washington, D. C.

RESPECTED SIR: Having noted through the columns of our local papers, as well as through the advices of our esteemed Representative, R. W. Bonynge, that you are desirous of obtaining facts and figures appertaining to the cost of producing lead and their relation to the tariff to lay before your committee, I therefore take pleasure in addressing you.

The cost of metalliferous mining in this section is subject to so many and varying conditions that it would require a considerable compilation of data to arrive at anything like a reliable determination. Presuming that it is neither desirable nor practicable to enter into the minute details of the business, I will state in brief that it resolves itself into these principal factors, mining, hauling, milling, freight and sampling, and smelting, which items generally aggregate not less than $8 per ton of crude ore, which crude ore you can see would need to contain more than 10 per cent of lead at a market value of $4 per hundred to meet the cost of production; hence the result that there are not two properties operating in this district at present with lead quoted at $4.30 and zinc at $5.05 where there were ten properties operating two years ago with lead at $6 and zinc $6.50 to $7.

Of course the above figures apply to the mining of ore bodies after they have been discovered and developed, and does not include the cost of exploration and development work appertaining thereto, which would be nearly impossible to estimate in the majority of cases, but which, it is safe to say, frequently far exceeds the gross value of the ore bodies discovered.

Thanking you for your efforts toward an equitable adjustment of these matters, I am,

Most respectfully, yours,
E. F. KENDALL,
Manager Pay Rock Mines.

THE LEWISTON (IDAHO) COMMERCIAL CLUB PROTESTS AGAINST REDUCTION OF DUTY ON LEAD.

LEWISTON, IDAHO, *December 8, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: At the meeting of the governing board of this club to-day resolutions recently passed by the Spokane Chamber of Commerce protesting against the reduction of the present duty of 1½ cents per pound on lead ores and of 2⅛ cents per pound on lead bullion were unanimously indorsed, and I was instructed to advise you of such action.

I was also instructed to advise our Senators and Congressmen that it was sense of this club that the present duty on lead ores and bullion should be retained in the interests of the lead mines of our State.

Very truly, yours,
J. A. COOK, *Secretary.*

SILAS FRANK, CREEDE, COLO., URGES RETENTION OF PRESENT DUTIES ON LEAD.

CREEDE, COLO., *December 14, 1908.*

Hon. ROBERT W. BONYNGE, M. C.,
Washington, D. C.

SIR: Lead, first of all, ought to be one of the products of this country that should receive the fullest protection by duty to maintain its price and production. Lead is a metal that must be mined as all minerals are, and when removed from the earth it depreciates the value of its source by the amount removed, as it can never be replaced, and the supply will surely be exhausted in a limited time.

It is absolutely necessary in order to continue the production of lead that it should demand a good price for the reason that mining is not like other business, as it is impossible to figure out just what the future will be for a mine that has not been fully explored. Some properties look like they might be made to rank among the largest producers and without any known reason turn out to be worthless and cost the owners vast sums of money. To continue the production the prices must look inviting to capitalists or otherwise they will not take the chances of placing their money for the development of this industry. The mining industry is so largely supported because people think it is a quick way to become wealthy, and if prices are reduced it will afford no incentive to try and find or develop a mine, because if you do find one it will not return more than any ordinary investment, such as stocks and bonds, which one can purchase and always figure

on a certain percentage on the money invested without any trouble or responsibility.

To make the mining of lead a permanent thing, the price must be sustained, as otherwise mining men will not look for and develop mines of this nature and the supply of lead will be dependent upon that found incidental to other kinds of mining. It is more expensive now to operate lead mines than it was in the past, as in most lead-producing sections it requires large hoisting plants and expensive pumping machinery and other heavy and costly appliances to mine. The mining now is of a deep character and requires all modern equipment to make money. I will venture to say that of all the properties now operating. not 10 per cent of them pay dividends and that if it were possible to compute the amount of money expended in looking for mines and operating the ones that do not pay the percentage of net earnings on the whole investment each year would not pay as much as the interest on the same investment in Government bonds. It is quite true that some lead mines are large dividend payers and appeal strongly to some to venture into the mining business, but we do not hear about the many failures and are apt to be overimpressed with the possibilities of the lead-mining industry.

The lead mines furnish thousands of people with work and it affects business not only in the mining centers, but also in the agricultural and manufacturing districts of this country. Mines and mining men have done more to develop the western country than any other class of people. The mines were first discovered and then the railroads were built and the smelters and mills erected; then the farming and fruit raising followed, if the soil happened to be suitable to the latter industries.

If the duty on lead is not retained the wages that the miner receives will no doubt have to be reduced, and this class of labor should be well paid, because it is a hazardous occupation and some of our best men follow this for their livelihood. This country is in direct competition with the producers of lead in Mexico, where the wages are just about one-third of the wages paid to miners in this country. We should not be subjected to competition with this class of labor. We should be allowed the full protection that the present tariff gives to us, and then if we have an overproduction it gives us a chance to sell in foreign countries, which keeps this industry moving continuously and affords work for those dependent upon lead mining and indirectly benefits other lines of business.

This Government is not required to spend any money looking after the products of mines as it is for other purposes, and the mining business is one that is legitimate and inexpensive to the Government, and should be encouraged in every fair manner, or otherwise this particular metal will cease to be produced in this country in quantity after the present large mines are worked out, which will occur in time.

The foundation and emanation of our great wealth comes from mining and farming, and if the country is to maintain prosperity these particular indstries should be given all help that can be directed toward sustaining prices; without good prices for our metals and good prices for our farm products the country will not grow nor will wages remain where they are nor will the manufacturing industry employ the thousands that it is now doing. If the miner can afford to pay the duty that is charged on material he uses, there is no ques-

tion but that the farmer can do so, and as all other business is dependent upon mining and farming there should not be any complaint from any other source regarding the tariff which would affect these great foundations of the wealth of this great country. Unless the Government thinks that lead mining is a detriment to the people of our States it can not do other than sustain the present duty on lead.

Respectfully submitted.

SILAS FRANK.

THE LEAD PRODUCERS AND MINERS OF IDAHO ASK RETENTION OF PRESENT DUTIES ON LEAD ORE AND BULLION.

WASHINGTON, D. C., *December 4, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: On behalf of the lead-producing industry of the State of Idaho, and of the Rocky Mountain region generally, we respectfully petition your honorable committee not to make any reduction in the present lead tariff schedules, with particular reference to lead in ores and bullion, paragraphs 181 and 182.

But while speaking particularly for the lead producers of the far West, practically all that we have to say applies with equal force to the producers of soft lead in Missouri, Kansas, and Wisconsin.

In support of our petition, we submit the following facts for your careful consideration:

That at the present time there are no exports of lead from the United States, except a portion of the lead imported and smelted in bond; but that there has been imported and consumed in the United States during the last three years 105,000 tons of foreign lead, equal to over 10 per cent of the entire domestic production of lead during that period.

That any reduction in the present tariff on lead in ores and bullion would result in the practical suspension of the mining and production of lead ores in the United States.

That the mining and production of lead ores in the United States is an industry of very great value and importance to the people of this country.

That the suspension of such mining and production of lead ores would deprive our people of the great financial benefits which flow from the present industry, and to a corresponding extent inure to the benefit of the foreign producers of lead.

That the reduction of the duty on lead and the suspension of lead mining in the United States would not result in any appreciable benefit to the consumers of manufactured lead products.

For more than fourteen months past the New York quotation for lead averaged approximately 4.3 cents per pound, which is also the quotation at the present time.

Should the tariff on lead in ores and bullion be reduced, it would mean the practical suspension of lead production in Idaho, and the cessation of prospecting for other lead fields or mines. For experience has shown that the early years in the life of a lead mine are not only profitless, but absorb a large amount of money and energy

in its development to a paying basis; and the latter years in the life of a mine are also generally unprofitable, by reason of the maintenance of the large plant and organization which has been built up, while the ores are diminishing in quantity and value. The intermediate period, during which the mine is actively producing, is the only period in which any profit can be made; and it would be quite impossible during such a period to lay aside enough to cover construction and equipment accounts, and the redemption of capital invested, together with fair interest thereon, should the tariff on lead be reduced.

In that event profitable lead mining in Idaho would necessarily cease, and many of the mines would be forced to close, which would result in a disorganization of the lead-smelting industry in the Rocky Mountain region, for these argentiferous lead ores are essential to the economic smelting of the siliceous ores produced by the mines of California, Nevada, Utah, Colorado, and Montana. Without them the smelting charge for the siliceous ores would be greatly increased, so that much of such siliceous ores could no longer be produced at a profit. The closing of the lead mines would thus be the cause of closing many other mines and diminishing the output of gold and silver, and resulting in a large loss to the people of California, Nevada, Utah, Colorado, and Montana, and throwing thousands of men out of work in those States.

The smelting plants which could obtain no substitute for these lead ores would also be forced to close.

In this connection we quote the following from an article reviewing the history of lead production in the United States in the year 1907, which appeared in the Engineering and Mining Journal of January 4, 1908:

> The restriction of operations by the American Smelting and Refining Company and United States Smelting, Refining and Mining Company affected seriously the producers of siliceous gold ore at Tonopah and Goldfield, Nev. These ores are smelted largely on the lead basis. They are mixed with lead ore, and consequently in smelting them, pig lead is produced, but lead being quite unsalable the companies naturally desired to produce as little as possible, and consequently were unable to smelt so much of the siliceous ore as usual. The refusal of the companies to accept siliceous ore caused considerable outcry in Nevada, where the conditions were not understood, but, of course, the smelters in self-defense could not do otherwise than they did, the financial situation being such that an increased amount of money could not be safely locked up in ores not immediately available for smelting.

The lead-mining industry of the Rocky Mountain region gives employment to about 15,000 men, at the highest average wages paid to labor in the United States. The transportation of the ores and the pig lead produced therefrom give to the railways of the country an annual revenue of between $6,000,000 and $7,000,000, besides the transportation of the supplies used in operating the mines, and by the numerous communities dependent upon them. The closing of the lead mines would cut off this revenue from the railroads, causing several thousand railway employees to be thrown out of work, as well as the 15,000 miners and others directly employed in and about the mines. The Rocky Mountain region produces about two-thirds of the total lead mined in the United States, the other third being produced by Missouri, Kansas, and Wisconsin:

and the suspension of lead mining would cause a corresponding loss to the people of those States.

Almost the whole of the lead output of the State of Idaho is produced by the mines of the Coeur d'Alene district, in the northern part of the State. The importance of the industry in that district can not be stated more forcibly than it was stated in the decision of Judge Beatty of the United States court, district of Idaho, in certain litigation in which an injunction was sought to close the mines, from which opinion we quote as follows:

If this injunction is granted, it must result in the closing not only of the mills, but also the mines. Generally the ores are of such low grade that they can not profitably be shipped until concentrated; hence the mills must be operated. If they are, the water used in them must finally reach the said river, bearing such sediment as it is impossible to impound in the reservoirs. The court must consider the consequences of closing these mills and mines. It must bear in mind the very great hardship and loss to the defendants. They have many millions of dollars invested in their properties and are now conducting an immense business, which is not only of much profit to them, but also of great business interest to others. But of equal consideration is the fact that it would deprive thousands of laborers of employment who are now earning good wages. Also there are many others engaged in various avocations who would be seriously affected. I presume it is safe to say that there are ten to twelve thousand people who are now earning a livelihood through the operation of these mines and mills, all of whom would be seriously injured by an injunction. The court will long hesitate before taking such a drastic mode of guarding complainant's interest, as would result in incalculable injury, not only to the defendants, but also to large communities.

But admitting that complainants have suffered injury and may suffer more, from the causes alleged, there is a potent reason why the court should exercise its discretion against the issue of a restraining order. Without detailing the reasons, such an order would mean the closing of every mill and mine, of every shop, store, or place of business in the Coeur d'Alenes. There are about 12,000 people, the majority of whom are laboring people dependent upon the mines for their livelihood. Not only would their present occupation cease, but all these people must remove to other places, for the mines constitute the sole means of occupation, and when they finally close, Wallace and Wardner, Gem and Burke, and their surrounding mountains will again become the abode only of silence and the wild fauna. Any court must hesitate to so act as to bring such results.

This decision of Judge Beatty, denying the injunction, has been recently affirmed by the United States circuit court of appeals in an opinion wherein the following language is used:

The extent and value of the mining operations of the appellees are not controverted, and it is practically conceded on behalf of the appellants that the granting of the injunction, to which it is insisted they are entitled, must necessarily result in closing those great operations in the Coeur d'Alene region, in the depopulation of that section of the country, the destruction not only of the mining business there, but the business of the numerous towns that are shown by the record to be wholly dependent upon that industry, and the depriving of many of the farmers themselves in the valley of the Coeur d'Alene River of a market for their products. If the established principles of equity entitle the appellants to this drastic relief, it must, as a matter of course, be awarded them, however disastrous the consequences. But is the case made by the record such as to demand or even justify the injunction sought? It is very evident from the record that the exaggerations and misstatement of matters of fact are very gross. The case itself is, like all such cases are, of very great importance and calls for the exercise of the greatest care and caution in its consideration and disposition lest the weak be not afforded the protection to which they may be justly entitled, and, on the other hand, lest the strong be denied their just rights, acquired in the pursuit of enterprises not only lawful in themselves, but sanctioned and encouraged by both national and state legislation, and redounding to the great good of thousands of people and to the country as a whole.

The profits derived from lead mining are, taken altogether, small. They may in some cases be large, though even in such cases the mines which may be in bonanza to-day have had their periods of hard times and will have them again. Bonanzas are notoriously short lived. But, taking the industry as a whole, the profits do not pay back the investment and interest thereon. Scores of mines are developed and operated at a loss, though always in the hope of better things to come—the hope of finding a bonanza. But if the tariff be taken off lead, even the average bonanza lead-ore deposit would yield little or no profit, and there would be taken away the incentive which causes miners to seek and develop lead mines.

It should be borne in mind that mining is unlike other businesses, in that the longer a mine is operated the less its intrinsic value becomes. It uses up its capital continuously by the exhaustion of its ore bodies, and its profits must be considered not only as interest on capital invested, but as a redemption of capital as well.

From a book published this year, entitled "Lead and Zinc in the United States," by W. R. Ingalls, editor of the Engineering and Mining Journal, we quote the following relative to the cost of producing lead in this country:

But in the meantime the ores of high grade in lead and silver have disappeared, and it has come to pass that the bulk of the lead production of the United States is obtained from very low-grade ore. It is undeniable that the tariff on lead has raised the price which American consumers have had to pay. It is doubtless true that at certain periods the price has been maintained in this way at figures which have given unnecessary advantage to the producers. But, on the other hand, it is evident from a study of the history of the industry that the increase in domestic lead production, which has not more than corresponded with the increase in domestic consumption, has been greatly stimulated by the advantage in price which the tariff has bestowed, and, moreover, this has fostered not only the lead industry alone, but also the mining and smelting of ores containing the precious metals, which, in the absence of an abundant supply of lead ore, would have to be worked by less economical methods.

It is dangerous to generalize the cost of producing lead for the whole country, or even for a particular district. In the case of southeastern Missouri this can be done with more safety than in any other, because there the only value of the ore is in its lead content, and the grade of the ore mined, conditions of occurrence, and methods of mining are rather uniform throughout the district. In 1882 the cost of pig lead delivered at St. Louis by the large producers was 3 to 3.5 cents per pound.[a] In 1884 the Engineering and Mining Journal expressed the opinion[b] that if freights were better adjusted the majority of the producers of the United States could stand a price of 3.5 cents, or even 3.25 cents, but the pressure of lead at 2.75 cents would be such that as that figure was approached the number of idle mines would increase in geometrical ratio.

In 1899 the cost to the principal producers of southeastern Missouri was 2.25 per pound, delivered at St. Louis. However, none of the figures above given includes interest on the money invested, return of the principal, etc.[c] The purchase of an acreage of land sufficient to warrant development on a large scale, the sinking of shafts and equipment of plant a few years ago would cost about $1,000,000 for a productive capacity of 10,000 tons of pig lead per annum. Estimating amortization at 10 per cent and interest at 5 per cent, the annual fixed

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[a] Mineral Resources of the United States, 1882, p. 312.

[b] February 2, 1884.

[c] It is utterly misleading to draw conclusions from figures which do not take those factors into account. Producers who are already established may be willing for a time to sell their output at a price which returns only the direct cost, or even less, rather than incur the greater loss of suspending operations, but so long as such a condition exists no new capital will go into a business where the adventurers can not see a return of the principal and a proper interest upon it.

charge would have been $150,000, or 0.75 cent per pound of lead. A total cost of production of 3 cents per pound, basis St. Louis, is probably the lowest on record for the southeastern Missouri lead. At present the cost is considerably higher. It is a fact that this lead has been sold at a lower price than 3 cents, but it has been at a loss, all charges considered.

In Chapter I it was estimated that the cost of producing lead in the Coeur d'Alene in 1907 was in the neighborhood of 3.3 to 3.5 cents per pound, basis New York delivery; i. e., if the price of lead should be 3.5 cents per pound and the price of silver 50 cents per ounce at New York, some of the Coeur d'Alene large producers would realize no profit even after disregarding allowances for amortization. It would be highly difficult to generalize the capital account in this district, but probably it would not be far out of the way to say that the total cost of producing lead in the Coeur d'Alene is in the neighborhood of 4 cents per pound, when silver is worth only 50 cents per ounce.

There is no question that lead can be produced more cheaply in Mexico, Europe, and Australia than in the United States, inasmuch as the price at London for long periods has been lower than 3 cents per pound, and the output of the mines is maintained. The superior advantage of the foreign countries is partly in cheaper labor, partly higher grades of ore, which more frequently than in America yield two valuable products, e. g., zinc and lead, as in Australia, and partly in shorter railway hauls. The cost of smelting and refining is as low in the United States as anywhere in the world; the freights on the whole are higher—not per ton-mile, but in the aggregate of miles; the cost of mining per ton of concentrated product is doubtless higher on the whole, which is attributable to the higher rates of wages.

The foregoing statement of the cost of producing lead in the Coeur d'Alene district is rather under than over the mark. And as the price for pig lead during the last ten years has averaged only 4.527 cents per pound, it will be seen that there has been only one-half cent a pound as the average margin of profit to the producers. This is, say, $10 per ton of pig lead, or about $1 per ton of ore mined—the average lead content being approximately 10 per cent. This surely can not be considered an excessive profit. As a matter of fact, it does not represent an adequate return on the money invested.

It should be noted that nearly all of the material and supplies used in connection with lead mining, such as machinery, cars, shovels, picks, iron and steel, rope, powder, etc., are protected by the tariff. And it would be a manifest injustice to require the lead producers to pay the higher prices for these things which the tariff entails, as well as to pay the highest wages in the country, and at the same time require them to sell their product in competition with the cheap labor of Mexico, which is paid an average wage of only 52 cents per day.

As to wages paid Mexican miners, we quote from Romero's Mexico and the United States, page 516, as follows:

Miners (skilled), 52 to 78 cents (gold) per day.
Miners (ordinary), 26 to 41.6 cents (gold) per day.

And as to the efficiency of such labor, we quote from Mexico's Treasure House, by Percy F. Martin, F. R. G. S. (New York, 1906), page 61, as follows:

People who study the pay-roll sheets of Mexican mines and compare the figures with those of, say, American miners, observing what is to them the extraordinary anomaly of a Mexican receiving but 75 cents as against an American's $3.50 gold a day, are apt to miss the very important point that while the former is "absurdly cheap," he is less than a quarter as good or as reliable. It is to be remembered that a Mexican laborer in the mines is only about one-half to two-thirds as efficient as an American miner.

Thus it will be seen that, with all proper allowance for the relative efficiency of the Mexican miners and laborers, the labor cost of pro-

ducing ore at the Mexican mines is only, approximately, one-third of the cost of production at the mines in the Rocky Mountain region.

Another factor in which the Mexican lead producers have a great advantage is in the matter of transportation. From the principal Mexican lead mines to the Mexican smelters the freight on ore is $3 per ton, and as the ore contains about 50 per cent lead, the freight is equal to $6 per ton of pig lead. And from the smelter to New York the freight on pig lead is $4 per ton, making the total cost of transportation from the mines to the New York market only $10 per ton of pig lead. The Idaho mines pay $8 per ton for freight on their ore to the smelters in Colorado, equal to $16 per ton of pig lead; and from the smelter to New York the latter costs $7 per ton. The total cost for freight is therefore $23 per ton of pig lead, as against $10 per ton from the Mexican mines, a handicap for us of $13 per ton.

Next to the United States, the largest lead-producing country in the world is Spain, and with any reduction of the duty Spanish lead would also come into this country. As indicating the conditions at the Spanish mines, with which, in that case, our miners would have to compete, we give the following telegram received by the writer:

NEW YORK, *December 15, 1908.*

F. BURBIDGE,
Hotel Shoreham, Washington, D. C.:

Telegram received. Spanish lead mines pay good miners, near as good as American, 70 to 80 cents. Shovelers, carmen, and common laborers, 50 to 60 cents day. Board and room $6 month, house rent from $2 to $3 month.

D. CARDONER.

Mr. Cardoner is a Spaniard who has had many years' experience in mining in Idaho, and who is at present working a lead mine in Spain.

It should also be mentioned here that the production of lead in British Columbia has been fostered by a bounty of three-fourths of a cent per pound, paid by the Dominion government, while at the same time the producers have the benefit of a tariff of 15 per cent ad valorem.

A reduction of the duty on lead in ores from 1½ to 1 cent per pound would require an increase of 50 per cent in the quantity imported to produce the same revenue.

At the present time the importation is as much as the markets of the country can absorb, and no increase in the quantity imported could be absorbed without displacing a corresponding amount of the lead produced from our own mines, with the consequent losses, direct and indirect, that would follow.

If the importations should, by reason of reduction of the duty, increase, say, 20,000 tons per annum, there would be a loss to the people of the United States of $1,200,000, the amount of money which would be sent abroad to pay for such importation. That would represent a loss of about $200,000 on capital invested, and about $1,000,000 would be lost to the labor which would otherwise have been engaged in mining, smelting, and transporting the ore, and in the manufacture and distribution of the machinery and supplies used in connection therewith.

Even under the present tariff considerable foreign lead does come in, and a reduction of the duty would make it possible for the foreign producers to largely increase their shipments to this country.

It is exceedingly probable that all of the lead imported in ores from Mexico and now smelted in bond here and reexported would be allowed to remain in this country.

In that case the increase in the amount of lead imported would exceed 50,000 tons per annum; and the amount of money sent out of the country would be not less than $3,000,000, which would be a total loss to our people.

During the year 1907 the State of Idaho produced 111,697 tons of pig lead, practically all of it coming from the Coeur d'Alene district. With this lead there was produced approximately 5,584,850 ounces of silver, and the combined value of the lead and silver amounted to $15,555,315. This large sum was distributed about as follows:

Forty-seven per cent, or $7,310,998, was the cost of production at the mines, $4,825,260 being paid for labor, and $2,485,738 was paid for machinery, supplies, fuel, etc., drawn from almost every State in the Union.

Thirty-three per cent, or $5,133,254, was paid for transportation and smelting.

Twenty per cent, or $3,111,063, represents the margin left to the owners of the mines, for interest on their investment, redemption of capital, and further expenditures on capital account.

Of the $4,825,260 paid to labor the greater part was expended by the wage-earners for the necessaries and luxuries of life and for the acquisition and maintenance of their homes; for their foodstuffs from the agricultural States from the Mississippi River to the Pacific coast, and for clothing, furniture, and scores of other manufatcured articles from the manufacturing States east of the Mississippi.

Similarly the $5,133,254 paid for transportation and smelting of the ores, was, for the most part, distributed by the railway and smelting companies as wages to their employees, who in turn expended it for food, clothing, and other necessary supplies. In fact the whole gross value of the ore went, directly or indirectly, to labor.

The total lead output of the country, with its accompanying silver, has an annual value of approximately $40,000,000, which vast sum represents the wages of about 50,000 men employed in and about the mines and smelters, and on the railways engaged in transporting the ores, and the bullion produced therefrom. The value of the gold and silver ores which are smelted on the lead basis probably amounts to as much more, and pays the wages of probably another 50,000 men. To reduce the duty on lead would mean to stop most of this mining; stop the creation of millions of new wealth from the country's natural resources; and throw out of work 100,000 men, forcing them to seek employment in other fields, already fully occupied. And all for the benefit of the foreign lead producers; for the American consumer of manufactured lead products, white lead, sheet, shot, and pipe, will not find the prices of these articles appreciably lowered.

If reference be made to the table attached hereto, showing the prices of pig lead and dry white lead for the years 1895 to 1907, inclusive, it will be seen that there is not a direct relation between the two prices. Taking the period of ten years, 1898 to 1907, during which the present tariff has been in existence, and comparing it with the period of three

years, 1895 to 1897, during which the tariff was only one-half of the present tariff, we find the prices averaged as follows:

	Pig lead.	Dry white lead.
	Cents.	Cents.
1898-1907	4.527	5.500
1895-1897	3.263	4.958
	1.264	.542

Showing that although in the earlier period the price of pig lead was 1.264 cents per pound lower than in the later period the price of white lead was only 0.542 cent lower.

In the fall of 1907 the price of pig lead fell 2¼ cents per pound, but the price of white lead fell only three-fourths cent per pound.

There has been forwarded to us for presentation to your honorable committee a petition for the retention of the present duty on lead signed by 2,372 citizens of the Coeur d'Alene district. The signatures are those of merchants and professional men, as well as miners and others immediately dependent on the operation of the lead mines, who desire that the present conditions be permitted to continue unchanged. We submit this petition herewith, confident that it will receive due consideration.

Attached hereto will be found tables showing the domestic production of pig lead; importations of pig lead; importations of lead in ore and furnace products to be smelted and refined in bond; the exportations of pig lead; balance of imported lead remaining in this country; world's production of pig lead; annual prices of pig lead at New York and London; wages paid in the Coeur d'Alene district; production of lead in Idaho; prices of pig lead and dry white lead. We hope to be able to file a supplemental showing a little later, when some data are received from Idaho, of further facts bearing upon this subject.

Respectfully submitted. FREDERICK BURBIDGE,
Representing Idaho Lead Producers and Miners.

WASHINGTON, D. C., *December 15, 1908.*

EXHIBIT A.

THE HONORABLE HOUSE COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

SIRS: We, the subscribed citizens of the Coeur d'Alene mining district, Idaho, being merchants, miners, and laborers, respectfully present for the careful consideration of your honorable body the following facts, together with the earnest request that the present import duty on lead in ores and lead bullion be not decreased.

A reduction in the present duty would necessitate the readjustment of the present satisfactory economic conditions in our country and the whole western mining field.

(*a*) There are approximately 5,000 men employed in and around the lead mines of Idaho, at an average wage of $3.65 for eight hours'

work. As much of the lead ore now produced yields but a narrow margin of profit, the removal or reduction of the present import duty would directly necessitate a large reduction in the above force of men, or in a reduction of the rate of wages paid, to meet the competition of the Mexican mines, which are the most available source of foreign lead ores and which are operated by labor paid 85 cents to $1 per day.

(*b*) The entire mining industry of the Rocky Mountain region of the United States is dependent upon cheap and easily attained smelter facilities for the marketing and reduction of the ores produced.

The smelting industry and the economic recovery of the values from the siliceous ores of Colorado, Utah, Nevada, California, and Montana are dependent upon a regular and generous supply of lead ores, particularly the argentiferous lead ores from Idaho.

Lead ore is the essential basis of smelting operations, and the siliceous ores of the Rocky Mountain regions depends largely for a supply of lead ores from Idaho, and particularly from the Coeur d'Alene district.

(*c*) The United States Geological Survey report shows the following yearly yield as the product of the United States, in tons of 2,000 pounds, of refined lead:

	Tons of 2,000 pounds.
1902	207,000
1903	288,000
1904	307,000
1905	302,000
1906	350,168
1907	365,156

The high prices of 1906 and 1907 were able to bring out an increase of less than 15 per cent over the preceding years, and the lower prices for 1908 have already resulted in a large decline of the production. No domestic lead is exported, and domestic stock rarely exceeds 30,000 tons, which is about one month's supply.

(*d*) The Coeur d'Alene district during 1905, 1906, and 1907 yielded 32 per cent of the total lead production of the United States.

A large portion of this came from ores of such grade that small profits was won, and at lower prices this profit would disappear.

During the winter of 1907–8, when the lead quotations fell below $4 per hundred pounds, all mines in this district closed, and remained closed, excepting two, until lead quotations again rose above $4 per hundred pounds.

Without ample tariff protection the discovery and development of new lead-producing fields in the United States will cease and the prospecting of older fields for new mines will languish.

Respectfully submitted by A. S. McKenzie and 2,371 others.

Exhibit B.

The following tables show—

First. The domestic production of pig lead.

Second. The importations of pig lead.

Third. The importations of lead in ore and furnace products to be smelted and refined in bond.

Fourth. The exportations of pig lead.

Fifth. Balances of imported lead remaining in the country on which duty was paid for the years 1900 to 1907, each inclusive.

Sixth. World's production of pig lead.

Seventh. Annual price of pig lead for ten years at New York and London.

Eighth. Wages paid in Coeur d'Alene district, Idaho.

Ninth. Production of lead in Idaho.

Tenth. Prices of pig lead and dry white lead.

(1) *Domestic production of pig lead.*

	Tons of 2,000 pounds.
1900	279,107
1901	279,922
1902	280,524
1903	276,694
1904	302,204
1905	322,474
1906	348,215
1907	350,130

Approximately one-third of the domestic production of lead comes from Idaho, one-third from the Mississippi Valley, and one-third from Colorado, Utah, and other Western States.

(2) *The importation of pig lead.*

	Tons of 2,000 pounds.
1901	604
1902	2,529
1903	3,023
1904	8,724
1905	5,720
1906	11,763
1907	9,277

(3) *The importations of lead in ore and furnace products to be smelted and refined in bond.*

	Tons of 2,000 pounds.
1900	114,307
1901	111,867
1902	105,185
1903	103,384
1904	104,128
1905	92,608
1906	72,371
1907	70,538

(4) *The exportations of pig lead from bond.*

	Tons of 2,000 pounds.
1900	100,288
1901	100,026
1902	82,228
1903	81,971
1904	84,142
1905	59,741
1906	47,823
1907	51,502

(5) *Balance of imported lead remaining in the country on which duty was paid for the years 1900 to 1907, each inclusive.*

	Tons of 2,000 pounds.
1900	14,109
1901	12,405
1902	25,487
1903	24,436
1904	28,710
1905	38,637
1906	36,800
1907	28,313

(6) *World's production of pig lead.*

[Metric tons.]

Producing country.	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.
Spain	179,900	162,900	154,500	149,500	172,500	164,300	177,800	180,700	180,900	185,800
Germany	132,700	129,200	121,500	123,100	140,300	145,300	137,600	152,600	150,700	140,000
France	10,900	16,900	17,000	21,000	18,800	23,300	18,800	24,100	25,600	23,000
Great Britain	50,000	42,000	35,500	35,600	25,800	31,300	24,400	23,300	24,000	27,400
Belgium	19,300	15,700	16,400	18,800	18,900	20,300	23,500	22,900	22,200	25,800
Italy	24,500	20,500	23,800	26,200	26,500	22,100	23,500	19,100	21,300	22,900
Austria-Hungary	10,700	10,700	11,900	10,800	11,700	12,400	13,100	13,500	16,400	15,400
Greece	18,700	18,300	16,700	17,700	15,900	16,100	15,200	13,700	12,100	13,800
Canada	14,400	9,900	28,600	23,600	10,400	8,200	17,200	25,700	23,800	21,000
Australia	67,000	87,600	87,100	83,400	82,100	89,600	119,400	107,000	93,000	97,000
Mexico	61,100	77,300	80,000	78,600	94,100	48,500	83,900	75,000	54,000	72,000
United States	231,000	210,000	269,000	273,000	267,500	303,000	296,000	312,500	334,800	340,700
Other countries	6,700	8,700	9,300	6,400	6,600	11,000	13,700	13,800	14,400	14,900
Total	826,900	809,700	871,300	867,700	891,100	895,400	964,100	983,900	973,200	999,700
Percentage produced by United States	27.93	25.93	30.87	31.48	30.02	33.84	30.70	31.76	34.40	34.08

Above table from statistics compiled by Metallgesellschaft, Frankfort on the Main.

(7) *Average annual price of pig lead.*

[In cents per pound.]

Year.	New York.	London.
1898	3.78	2.82
1899	4.47	3.22
1900	4.37	3.69
1901	4.33	2.72
1902	4.07	2.45
1903	4.24	2.51
1904	4.31	2.60
1905	4.71	2.98
1906	5.06	3.77
1907	5.33	3.15
Average for ten years	4.527	2.991

(8) *Wages paid in Coeur d'Alene mining district, Idaho.*

[For eight hours' work.]

Miners	$3.50 to $4.00
Muckers	3.00 to 3.50
Laborers	3.00 to 3.50
Timbermen	3.50 to 4.00
Pump men	4.00
Boiler men	3.50

Engineers	$4.50 to $5.00
Shift bosses	5.00 to 6.00
Track and pipe men	3.50 to 4.00
Blacksmiths	4.00 to 5.00
Blacksmiths' helpers	3.50 to 4.00
Machinists	3.50 to 5.00
Mill men	3.50 to 4.00

(9) *Production of lead in Idaho.*

	Tons of 2,000 lbs.
1901	79,654
1902	84,742
1903	94,811
1904	103,411
1905	107,000
1906	121,584
1907	111,697

Approximately 98 per cent of the above was produced from the mines of the Coeur d'Alene district.

Average prices of pig lead and dry white lead, 1895 to 1907, inclusive.

[In cents per pound.]

Year.	Pig lead.	Dry white lead.
1895	3.23	4.625
1896	2.98	4.625
1897	3.58	4.450
1898	3.78	4.625
1899	4.47	5.187
1900	4.37	5.812
1901	4.33	5.031
1902	4.07	4.625
1903	4.24	5.687
1904	4.31	5.250
1905	4.71	5.937
1906	5.66	6.562
1907	5.33	6.437

THOMAS L. WOOD, DENVER, COLO., FILES LEAD-ORE SETTLEMENT SHEET, SHOWING PROCEEDS OF CARLOAD OF CONCENTRATES.

DENVER, COLO., *December 12, 1908.*

Hon. ROBERT W. BONYNGE,
House of Representatives, Washington, D. C.

DEAR SIR: I inclose ore-settlement sheet, showing proceeds of a car of lead-silver concentrates recently shipped, and have noted, in red ink on same, the facts and figures of costs of operation.

This shipment represents the first car of concentrates shipped from our plant, which is just being placed in operation after a number of years spent in opening up the mines, and an investment approaching $200,000.

We are situated at the base of Arapahoe Peak, in Boulder County, close to timber line, where operation is difficult and expensive, but our veins are capable of producing good tonnage of lead-silver ore, if operated on a large scale, but this requires extensive development and large expenditure for milling plant.

The veins vary much in size, and the ore varies much in lead percentage, and there is a large element of risk, at the best, in operating such a property.

It would, of course, be very hard lines for us to be "nipped in the bud" by reduction of the tariff on lead, just as we are getting ready to do business.

Yours, respectfully,

THOS. L. WOOD,
Manager, Cashier Mining and Milling Co.

EXHIBIT A.

Ore settlement, American Smelting and Refining Company, Globe Plant.

DENVER, COLO., *October 14, 1908.*

Bought of Cashier M. & M. Co., Hill Siding:

Smelter No. 7711, mine No. 1, car No. 5061; gross pounds, 28,700, minus 398 pounds, equals 28,302; moisture, 4 per cent; net pounds, 27,170; assay, gold, 0.125 ounce; silver, 24.1 ounces; lead, 47.9 per cent; basis of settlement, gold, $19 per ounce; silver, 95 per cent; lead, 50 units; treatment per ton, $1; net value per ton, $37.09; total value, $503.87; freight deducted, $43.05; net value, $460.82, minus prepaid charges on empty car, $1.78, leaves net value of $459.04; deduct hauling, mine to railroad, $3 per ton, $42; net returns at mine, $417.04.

New York quotations, October 8, 1908: Silver, 51⅝.

Analysis: S_1O_2, 13.4; Fe, 8.9; Zn., 5.4; S., 15.2.

To produce 27,170 pounds concentrates we crushed about ten times the amount of crude ore—say 136 tons—making proceeds at mine about $3 per ton for the crude ore, against which must be charged costs of mining, milling, management, insurance, taxes, etc., which, on a 75-ton daily capacity are not less than $2 per ton, and this does not cover mine development nor interest on investment.

Our only hope of profits is in crushing large tonnage and in prices for lead and silver not less than at present.

THOS. L. WOOD,
Manager, Cashier M. & M. Co.

THE NEW JERSEY ZINC COMPANY, NEW YORK CITY, THINKS IT UNWISE TO PLACE A DUTY ON ZINC ORE.

NEW YORK, *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives.

DEAR SIR: You suggested to our representative at the tariff hearing on November 10 that some of the owners of zinc mines in the Joplin (Mo.) district had been agitating the question of a protective duty on zinc ores, and you stated that it might be well for us to study their reasons and hear what they had to say. This matter is one which is of the greatest importance and has claimed our closest attention.

We are now and always have been of the opinion that it would be most unwise to place an import duty on zinc ores.

Our company is largely interested in zinc-ore properties in various parts of the United States. These properties are in New Jersey, Missouri, Colorado, Wisconsin, New Mexico, Pennsylvania, and Vir-

ginia. Out of all the zinc ore produced in this country in each of the past four years ending December 31, 1907, these properties produced in 1904, 41.9 per cent; in 1905, 46.2 per cent; in 1906, 46.4 per cent; in 1907, 43.8 per cent. We and our predecessors have been continuously in the business for about sixty years. During that entire period, except for the tariffs of 1846 and 1857, we have been without protection for our ores. We have not felt the need of protection for our ores at any time, and do not feel the need of it now. On the contrary, an import duty on zinc ore will greatly hasten the exhaustion of some of the natural resources of this country which can never be reproduced, will seriously cramp the business of the domestic zinc-manufacturing industry, and will aid the European ore buyers and manufacturers without yielding a corresponding benefit to domestic zinc miners. This country does not produce enough zinc ore for normal requirements.

We should be glad to furnish your committee with such information as you may desire if you will be good enough to let us know just what you require.

Very respectfully,

THE NEW JERSEY ZINC COMPANY,
S. S. PALMER, *President.*

J. W. MARSH, PITTSBURG, PA., ADVOCATES REDUCTION OF DUTY ON LEAD ORES AND BULLION.

PITTSBURG, PA., *December 19, 1908.*

Hon. JOHN DALZELL,
House of Representatives, Washington, D. C.

DEAR MR. DALZELL: I have noticed by the papers that a representative of the American Smelting and Refining Company had appeared before the Committee on Ways and Means in connection with the hearing on the lead schedule, and that he has advocated or intimated his company's assent to a reduction of three-eighths of a cent on refined lead, leaving it at 1¾ cents, but that they want no reduction on lead imported in ore or bullion, the duty on the lead contents of which is 1½ cents per pound.

In that connection I beg to refer you to my letter of November 25, in which I made a plea for a considerable reduction on both kinds of lead, and suggested that about half of present rate would be right.

If the duty on lead contained in ores and bullion is not reduced, it means that the American producers of lead (and the American Smelting and Refining Company is the principal one) can continue to take the same toll from American consumers of refined lead that they have taken heretofore. In other words, substantially no benefit will accrue to the consumers of lead in this country from the proposed tariff revision.

Mr. Brush's own figures show that he considers one-fourth cent per pound ample protection for the smelter, because he is willing to make the figures 1½ cents, as now, on lead contents, and 1¾ cents on refined lead. The question then is, Shall the mine owner alone have a protection of 1½ cents per pound, or $30 per ton, on lead? I can see no

ossible theory upon which so large a protection is necessary or right, or $30 a ton will, in my opinion, pay the cost of mining three or four mes over.

I think I put the figures about where they ought to be when I ggested in my letter of November 25 that the duty on lead conined in ores, etc., should be three-fourths of a cent per pound $15 per ton), and that on refined lead about 1¼ cents per pound. A ight reduction on refined lead and none on lead contained in ores ill not be satisfactory or fair to the consumer, and will not in actual ractice result in any reduction at all. I hope you will use your inuence on the committee to bring about a considerable reduction on oth items of the lead schedule, as suggested by me.

Very truly, yours,

STANDARD UNDERGROUND CABLE CO.,
J. W. MARSH,
Vice-President and General Manager.

AMES E. POPE, JERSEY CITY, N. J., WRITES RELATIVE TO THE AMERICAN SMELTING AND REFINING COMPANY.

JERSEY CITY, N. J., *December 16, 1908.*

Ion. S. E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: I see that Mr. Edward Brush, of the American Smelting nd Refining Company, recently gave testimony before your comittee relative to the relations existing between the American Smeltig and Refining Company, the National Lead Company, and the nited Lead Company. The testimony, according to report, was to e effect that these companies had little, if any, connection, while it is well-known fact that not only are their relations most intimate, but at their united efforts exert a control over the market not only of ig lead and manufactured lead, but of solder, white metals, etc., which almost absolute. Mr. Brush might have told your committee of e Hoyt Metal Company and of the Magnus Metal Company, two her tentacles of the octopus. He might also have related how the merican Smelting and Refining Company has in recent years resed to sell certain dealers in pig lead unless they pledged themselves ot to resell such pig lead to certain competitors of the United Lead ompany and the National Lead Company who were then refusing to in with one or the other of these companies in a pool to maintain e price of said manufactured articles. Prior to the formation of e American Smelting and Refining Company he might have told ou that the independent smelters were accustomed to sell pig lead, elivered at points in the United States based on actual cost of eight from smelters located in Chicago, Ill., Aurora, Ill., St. Louis, o., Pueblo, Colo., and Omaha, Nebr., but after the formation the nsumer in Chicago had to pay for pig lead the same price as he ho bought for New York delivery, while Philadelphia, although the eight from the West is 2 cents per 100 pounds less than to New ork, has to pay for trust-smelted lead 2 cents per 100 pounds more. ontracts made by the trust are frequently made (when it suits

them so to do) for shipments from the West within thirty, sixty, o ninety days as they elect, and the price not a fixed one, but to be th of the American Smelting and Refining Company on day of shi ment. You can understand that as they fix the price, either advan ing or reducing it to suit their peculiar interests, such a contract i actually a process in the milking of the consuming public, to who they sell, the other a milking of the Idaho miners, of whom they bu on an elastic contract, which bases the buying price on the New Yor market price of lead, less freight (?) to New York of 1¼ cents p pound. What is the market price of lead in New York? It is th price made by three or four officials of the American Smelting an Refining Company, who meet as occasion requires, and give it out t the New York Metal Exchange. Do they sell lead at that price? I it suits them, yes; but frequently it has been the case that the price i made by them at a low figure, and you nor I nor no other man ca with the coin of the realm in his pocket, induce them to sell any lea at their price. Why? Because they are then taking in our friend from Idaho—taking in their lead at the market price which they hav made for that purpose. How was the common stock of the America Smelting Company sold when the trust was formed? Did not eac subscriber for a share of preferred receive a share of common as bonus? Who pays the freight which permits the bonus to sell as i recently did in New York, at $165 per share? The common peopl who use lead in solder for their tin dinner cans, for the roofing o their houses, for painting, etc., etc.

Very respectfully, JAMES E. POPE.

JOHN B. WINFIELD, PUEBLO, COLO., COMPARES CANADIAN AND AMERICAN PRICES OF WHITE LEAD.

PUEBLO, COLO., *December 12, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: As substantial evidence of the injustice to the American people of the present duty on lead, I wish to draw your attention to the fact that the resident of Canada buys his white lead to beautify and preserve his house, barn, railroad cars, etc., at 4 cents per pound—made in Germany—while the American neighbor just across an imaginary line is compelled to pay 6 to 6¼ cents for an inferior quality of the same common necessity. Why?

Very sincerely,

JOHN B. WINFIELD.

LEAD AND ZINC.

CHARLES H. MORRIS, DENVER, COLO., URGES RETENTION OF DUTY ON LEAD AND PLACING OF DUTY ON ZINC ORE.

DENVER, COLO., *December 17, 1908.*

Hon. SERENO PAYNE, *Washington, D. C.*

DEAR SIR: As resident manager and in the name of the three large silver, lead and zinc mining properties located in Georgetown mining district, Clear Creek County, Colo., as per my card inclosed,

I and we hereby desire to enter a most earnest protest in regard to the matter of reducing tariff on lead and continuing to admit zinc ores free. If this is done, the great silver-lead mining industry of the Rocky Mountain country will, in our estimation, become a thing of the past, and in connection with the extreme low price of silver will still further very seriously affect the welfare of thousands of mine owners and still more thousands of working miners and their families, whose interests, I trust and believe you and your committee will give due consideration.

Very respectfully, yours,

CHAS. H. MORRIS,
Manager Altura Mining and Milling Company and Others.

MACHINERY.

HON. R. WAYNE PARKER, M. C., SUBMITS LETTER OF THE BINSSE MACHINE COMPANY, NEWARK, N. J.

NEWARK, N. J., *December 9, 1908.*

Hon. R. WAYNE PARKER, M. C.,
Washington, D. C.

DEAR SIR: Referring to the proposed tariff revision, I urge as a matter of great importance a reduction from the present tariff to 25 per cent, or perhaps even 20 per cent, because:

First. The existing duty is unnecessarily high, and one of 25 per cent would cover our needs amply.

Second. The 45 per cent duty, which far exceeds that of any other country, has worked great injury to our interests by provoking retaliatory duties; and further injury is in sight by additional increases in France and elsewhere.

The United States has always led in machinery products. In every branch of this industry American machinery is the standard throughout the world. The exceptions are so few that they merely emphasize the rule. Therefore, all we require is duty enough to offset the difference in the price of labor, and for this 25 per cent is ample.

The importance of the foreign trade may be estimated by the fact that it saved at least 75 per cent of our machinery manufacturers from bankruptcy during the panic period following the year 1893.

We could have a large part of the machinery trade of the world were it not for hostile tariffs.

Between 1893 and 1900 the United States sold machinery amounting to many millions to Europe. The merit of our product was quickly noticed in Germany where the machine-tool builders at once began to copy our designs and methods. This led to a great development in the German machine-tool trade. Germany now has the most energetic machinery houses in the world, covering every country with their salesmen and branch offices.

About 1901 the German machinery manufacturers petitioned for an increase of duties. This was granted, and to-day the German exports of machinery have grown to great importance, and they have taken from us business which should be ours. In Canada, which

should be an excellent field for American industry, our export trade has been almost wiped out by a retaliatory duty.

A general increase of foreign tariffs to 25 per cent would destroy the export of American machinery to Europe as it has practically destroyed our Canadian trade. In keeping our tariff at 45 per cent we are giving our commercial opponents the strongest possible argument for a tariff against our products. We can not consistently appeal against a German or a French tariff when our own is about three times theirs.

It is possible that this proposed reduction may not please a very small minority (about 5 per cent) of our manufacturers of machinery, as it is understood by those who have given attention to the subject that the tariff of 45 per cent was created, not for the purpose of protecting American manufacturers in general, but with the intention of preventing the reimportation of American machinery by a very few large companies which, although they are seemingly competitors, are, in fact, banded together as to prices. By this arrangement and by means of the tariff they can and do exact a profit from our citizens of about 30 per cent over what they sell their goods for in competition in Europe. The tariff prevents their product sold in Europe from being reimported into the United States.

Anyone who will study carefully and without prejudice the United States customs requirements for the reimportation of American machinery will find the strongest evidence that this is so.

I advocate strongly a maximum and minimum rate, and also the appointment of a commission of experts to draw up a scientifically made tariff, one that will be a benefit to the consumer as well as the honest manufacturer.

Yours, very respectfully,

THE BINSSE MACHINE CO.,
HENRY P. BINSSE, *President.*

MACHINE TOOLS.

THE WARNER & SWASEY COMPANY, CLEVELAND, OHIO, RECOMMEND A REDUCTION IN DUTY ON MACHINE TOOLS.

CLEVELAND, OHIO, *December 18, 1908.*

Hon. SERENO PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

GENTLEMEN: The manufacturers throughout the country are greatly interested in the work that your committee is doing just at this time, and while we are presuming that most of the letters you receive strongly advise high tariff, it is our pleasure as manufacturers of machine tools to state that the facilities for manufacturing in this country are so fully developed that we feel it would be greatly to our advantage to have the tariff on machinery and machine tools reduced, for by that means a strong argument would be in the hands of our Government against the raising of tariffs in foreign countries.

Just now we are threatened with threats for higher tariff on machines sent to France, and probably similar changes will be made in

German tariffs in the very near future. We strongly favor reciprocity along these lines and do not fear competition. We are in favor of a minimum tariff being established with countries that will favor us. The tariff for this purpose might be reduced to 30 per cent, or even 25 per cent, and we feel that the American manufacturers would then receive protection enough. In fact, our high tariff of 45 per cent is absolutely prohibitory, and therefore our Government receives nothing in the way of a revenue from this source.

We realize the importance of the work you are doing and the great amount of labor incident thereto, but, trusting that you welcome suggestions from others, we have been bold enough to write you this letter.

Very respectfully,

THE WARNER & SWASEY CO.,
W. R. WARNER, *President.*

REPRESENTATIVES OF THE MACHINE-TOOL INDUSTRY FAVOR REDUCTION WITH A VIEW TO FOREIGN RECIPROCITY.

WASHINGTON, D. C., *November 30, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We, the undersigned, representatives of the machine-tool industry of the United States, voicing what we believe to be the opinion of the machine-tool manufacturers generally, respectfully petition your committee that in the contemplated revision of the tariff full consideration be given to the protection of our foreign trade.

And inasmuch as an average of 30 per cent of our output is sold to foreign countries, some of which have been continuously raising their tariff against us, and to-day threaten such a further advance as will be practically prohibitive (as, for instance, in the proposed French tariff advance), therefore we desire to place ourselves on record as favoring a reduction in the present domestic tariff on our product (machine tools) wherever such reduction will secure for us a corresponding consideration in the tariffs levied against American machine tools by foreign countries.

And to this end we request that the present tariff of 45 per cent be maintained as a maximum tariff, and that a minimum tariff of 30 per cent be established with which we may favor such foreign countries as in return may favor us in their tariff schedules.

Respectfully submitted.

THE AUTOMATIC MACHINE CO.,
NORMAN LEED,
Treasurer and General Manager.

HON. JOSEPH G. CANNON, M. C., FILES LETTER FROM THE ROCKFORD DRILLING MACHINE COMPANY.

ROCKFORD, ILL., *December 7, 1908.*

HON. JOSEPH G. CANNON,
Washington, D. C.

DEAR SIR: In view of the coming tariff revision at the next session of Congress we will be glad to have you interest yourself on behalf of Illinois manufacturers of machine tools.

A committee from our National Machine Tool Builders' Association waited on Secretary Root, also had a meeting with the Ways and Means Committee concerning the question of tariff on machine tools.

As you are undoubtedly aware, a very large proportion of the product of American-made machine tools is exported into the French and other European markets. We understand that the French and German governments are contemplating a raise in the tariff, discriminating against American-made machine tools. So far as we are personally concerned, we would as soon as not see the tariff abolished on machine tools as the prospect of competition from foreign makers of machine tools in this market is small. However, to give the State Department an opportunity for negotiation with foreign governments on the tariff question, we believe we would favor a maximum and minimum tariff on machine tools, and would suggest as a maximum the present tariff of 45 per cent, and as a minimum 15 or 20 per cent.

Should you have any opportunity to help this cause along we would greatly appreciate your effort.

We are, yours, very truly,

ROCKFORD DRILLING MACHINE CO.,
S. H. RECK, *Secretary.*

ALEXANDER LUCHARS, NEW YORK CITY, FILES BRIEF RELATIVE TO MACHINE-TOOL INDUSTRY.

NEW YORK, *December 19, 1908.*

Hon. SERENO E. PAYNE,
Washington, D. C.

DEAR SIR: At the suggestion of Senator Foraker we mail you herewith a copy of a letter written him in response to inquiries which he made regarding conditions in the machine-tool and allied industries, which he seems to think would be of sufficient value to incorporate in the report of the hearings of your committee.

Yours, very truly,

THE INDUSTRIAL PRESS,
ALEX. LUCHARS, *President.*

NEW YORK, *December 12, 1908.*

Hon. J. B. FORAKER, *Washington, D. C.*

DEAR SIR: In order to answer intelligently the inquiries in your letter of the 9th, allow us first to say a few words about the different methods of producing machine tools in this country and abroad.

The machine-tool industry has reached a higher state of development in the United States than in any other country, and certain kinds of tools which require a considerable number of parts and, consequently, a large amount of labor to produce are now turned out in large lots on what we call a manufacturing basis—that is, the various parts are accurately made and finished in quantities and afterwards assembled. These methods and the use of ingenious cost-sav-

ing appliances, together with the greater skill and productiveness of American workmen, have so reduced the cost of tools of this description that our manufacturers are able to sell them abroad in competition with English and German machines, which until recently have been produced in small lots only. American manufacturers of such tools would be but slightly affected by any reduction in our tariff, and would be sufficiently protected with a duty of 20 per cent or less. Very heavy tools, which are made largely of cast iron and on which there is comparatively little machine work, need more protection, but nothing like the present amount. Some of our manufacturers go so far as to say that there is no necessity for any duty on their product if we have free raw material and if the foreign tariffs on their products are kept down, but this is not our opinion. There are many cheap and cumbersome machines made by English, German, and other European manufacturers which could hardly be sold in this country at any price; but, on the other hand, most of our best tools are now accurately copied by foreign makers, and, unless our manufacturers were protected to some extent, could be sold in this country at prices which would completely demoralize the American machine-tool industry. Progressive foreign manufacturers who have recognized the advantage of American methods are rapidly adopting them in their works, and all they really need to compete on even terms with our own manufacturers anywhere is a wider market, which will enable them to produce in larger quantities.

We can say, in response to your inquiry, that the present tariff has not increased the price of machine tools to the American consumer, nor has it repressed the development of such manufactures. For fifteen or twenty years American machine tools have been sold all over Europe, in competition with foreign makes, at virtually the same prices as in this country, and our export trade increased up to 1907. During that year, although we had then begun to feel the effects of foreign imitations, most of our leading machine-tool builders were from six months to a year behind in their deliveries. The development of our machine-tool industry has never been so great as during the period above referred to, and within that time the number of manufacturers and the output increased three or four fold. The steady and rapid development of this industry naturally resulted in stronger competition among our manufacturers and in remarkable development in the capacity of our machine tools. No sooner did one manufacturer place an improved machine on the market than his competitor set to work to better it, and often produced one at the same price which would turn out more work at less cost. The automatic screw machine is a type of such tools, and is of distinctly American origin. One of these machines easily turns out from five to twenty times the product of an ordinary engine lathe at a cost for direct labor attendance in some cases of less than one-tenth that of the latter. Many other machines of the screw-machine type have been perfected which have completely revolutionized the manufacture of small parts, effecting savings fully as great as that mentioned above.

Referring to your inquiry in regard to the relative cost of labor in our industry in Europe and in the United States, information obtained by one of our editors, who spent last summer in Europe making a

personal investigation of conditions in our industry, shows that the wages paid to foreign workmen vary materially. We give below the average rates of wages, in cents per hour, paid in European countries which are the most active in the manufacture of machine tools and in the United States:

Rates of wages in cents per hour.

Foreign.	Machinists.	Toolmakers.	Handy men.	Apprentices.
Italy	8 -12	12-16	9 -10	
Switzerland	15	20	10 -12	
Germany:				
Munich	13	17	10	
Saxony and the Rhine Valley	15	20	11 -12	
Berlin	14.5-17	19-22	11 -13	
Magdeburg	14.5	19	8.5-10	
Great Britain	15.5	20	9	
France [a]				
United States:				
New York City	33	39-44	16 -28	7
Philadelphia	31 -37	32	16	6-12
Providence, R. I.[b]	26	28-35	18 -25	8-14
Cleveland, Ohio	25 -30	30-35	18 -25	8-15
Milwaukee, Wis	25 -40	30-40	17.5-25	5-15
Cincinnati, Ohio	27	32	20 -30	8-15

[a] Machine-tool industry still in its infancy.
[b] On piecework these rates may be increased 30 to 40 per cent.

During the dull times of 1893–1896 and 1903–4, when business in these lines was almost at a standstill here, their foreign trade was a life-saver to many of our manufacturers, some of whom sold as much as 75 per cent of their output abroad; and while we can hardly expect to repeat that experience on account of the progress made by foreign machine builders, we shall continue to sell certain types of machines, and small tools as well, provided we are not shut out of foreign markets by increased tariffs, such as the French now propose. For this reason our manufacturers generally favor free trade in raw materials and a reduced tariff on machinery, with maximum and minimum rates, which will enable us to develop reciprocal relations with foreign countries that care to enter into them.

As all machinery is built on machine tools, this industry may fairly be called a basic one, and any policy which restricts its development will react on the industrial life of the nation, just as a policy which fosters its extension into foreign fields will help our manufacturers generally; for while the United States will always be the greatest market for our machine tools the cultivation of foreign trade should always continue to be of vital importance, and the nearer we can approach to a free-trade basis without sacrificing our home market the sooner will we be able to include the world as our field. No one familiar with the skill and resourcefulness of American mechanics hesitates to trust them to compete on even terms with those of any other country. The European trade which we have commanded, in spite of the great difference in wages, proves this.

Yours, very truly,

THE INDUSTRIAL PRESS.
ALEX. LUCHARS, *President*.

THE BULLARD MACHINE TOOL COMPANY, BRIDGEPORT, CONN., WRITES RELATIVE TO RETALIATORY FOREIGN TARIFFS.

BRIDGEPORT, CONN., *December 16, 1908.*

Hon. E. J. HILL,
The Ways and Means Committee, Washington, D. C.

DEAR SIR: There is, as you are doubtless aware, a movement of considerable volume on foot among all builders of machine tools looking toward a reduction of the tariff on that particular product.

* * * * * * *

We have had an opportunity to discuss this matter fully, and beg to state that in our opinion the present duty of 45 per cent ad valorem is decidedly excessive and has in the past worked us more harm than good because of the retaliatory measures which have been directed at the American exporters by foreign governments.

Our foreign business has been practically 30 per cent of our total volume, and had it not been for the above retaliatory tariffs it would have been, in our opinion, a far greater proportion of a greater total.

Our sales to France, one of our best customers heretofore, are now threatened with a material reduction, owing to the added handicap in the proposed French increase in duty on American machinery, which increase is admittedly a slap at our own duty of 45 per cent on all classes of machinery, which directly affects the exportation of French automobiles. If the present duty is maintained we fear the eventual discontinuance of our foreign trade, and trust, therefore, that material reductions will be made.

The position which American machine tool builders hold to-day in the markets of the world is solely one of superiority in design and workmanship, and it is our earnest belief that should the tariff on our particular line, viz, boring and turning mills, be entirely wiped out that we would have nothing whatever to fear in the way of foreign competition in this country. This may not, however, apply to all lines of machinery or all lines of metal manufacture.

We also believe that in order to obtain a reduction in the tariffs which have already been enacted by foreign countries that there should be a maximum and minimum tariff which would form a basis for reciprocal arrangements. A minimum of 10 per cent we believe to be sufficient to thoroughly protect all lines of machine tools, and that the maximum should not exceed 25 to 30 per cent, the difference between the maximum and minimum to be used solely for the purpose of reducing tariffs by reciprocal measures already directed against our product in foreign countries.

Trusting that you will consider this a full and careful exposition of our position in this matter, and that you will submit our views in due time for the consideration of the Ways and Means Committee, we beg to remain,

Respectfully, THE BULLARD MACHINE TOOL CO.,
T. H. BULLARD, *Vice-President.*

(Letters similar to the above were received from the following: The Acme Machine Company, Cleveland, Ohio; Builders' Iron Foundry, Providence, R. I.; Peck, Stow & Wilcox Company, Cleveland, Ohio; The Cleveland Twist Tool Company.)

MICA.

A. O. SCHOONMAKER, NEW YORK CITY, THINKS PRESENT TARIFF ON MICA SHOULD BE REDUCED.

NEW YORK, *December 17, 1908.*

CHAIRMAN WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: I am an importer of both Canadian amber mica and India white mica; I am also a dealer in white mica mined in New Hampshire and North Carolina. I am not interested, either directly or indirectly, in any mines in Canada, India, or in this country, simply acting as a merchant, buying and selling.

My business is principally with the electrical trade; I find that this trade requires mica with certain qualities which are found more largely in the white India and the Canadian amber mica, and, naturally, prefer these micas, and will, as a rule, pay higher prices for these micas in preference to the domestic mica.

I believe that there should be a uniform duty on all mica imported into the States, either from India or from Canada. I admit that amber mica is not found, except in very small quantities, in the States, and that we must depend upon Canada for this mica; but even if it were necessary for the electrical manufacturers to have amber mica for their use, I do not believe it would be wise to allow it in free of duty, as there is considerable mica mined in Canada of a very light color. This is called amber, but it would pass as white mica, and come into competition with our domestic mica; then there would be constant difficulties to the customs in deciding which was amber and which white mica, causing constant disputes over this question. There would also be the danger of mica shipped from India to Canada and brought into this country free of duty; so I ask that a duty be laid on all Canadian mica, either white or amber. If duty should be removed from amber mica, then I think that all mica, no matter what its color or its source, should be entered free—there should be no discrimination.

I think it is generally admitted that India mica should be subject to a duty. I will pass over that.

As stated above, I think that a duty should be laid on all mica imported into the States, but I think that it should be at a lower rate than the present tariff; I believe in a specific duty on mica, omitting the present ad valorem duty. This latter is a source of disputes, as it is difficult to establish a market value, as the price of mica depends upon its size. So I think that the specific duty should vary as the size; the larger sheets of mica, being the more expensive, should bear the higher rate.

I would suggest the following: On all uncut mica—that is, mica in irregular shapes, whether it is thumb trimmed, knife trimmed, or sickle trimmed (terms that are known to the trade), but that is not cut to any exact size—if it will cut 6 to 12 square inches, 5 cents per pound; if it will cut 11 to 15 square inches, 10 cents per pound; if it will cut 16 to 25 square inches, 15 cents per pound; if it will cut 26 to 35 square inches, 20 cents per pound; if it will cut 36 square inches and over, 25 cents per pound.

The above would be about what the present ad valorem duties are and would mean a reduction of about 6 cents per pound, the present specific duty.

On all mica that may be cut to any exact size—by exact size I mean a definite size, such as 2 by 3 inches, $2\frac{1}{16}$ by $3\frac{3}{16}$ inches, etc., in which all the sides are cut at right angles to each other—on all mica that may be cut in rectangular form, having special reference to mica known in the trade as "square-trimmed mica," on any mica that is cut or stamped to any pattern or to washer or disk form, if it will measure 6 to 10 square inches or under, $7\frac{1}{2}$ cents per pound; 11 to 15 square inches, 15 cents per pound; 16 to 25 square inches, $22\frac{1}{2}$ cents per pound; 26 to 35 square inches, 30 cents per pound; 36 square inches and over, 40 cents per pound.

On mica films or splittings, the same duty as on cut mica.

On powdered mica, 3 cents per pound.

Very respectfully, yours,

A. O. SCHOONMAKER, *Importer.*

C. W. BURLESON & SON, PLUMTREE, N. C., WISHES PRESENT DUTY ON MICA RETAINED.

PLUMTREE, N. C., *December 10, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We write to say that if the tariff is lowered or taken off of mica great harm will be done the poor class of people in western North Carolina and other southern sections that produce mica.

We trust you will use your influence to have the tariff on mica retained at its present mark.

In most cases the producers of mica are of the poorer class, while those consuming it are in most cases the money class, and for this reason, if for no other, we trust the tariff may be retained.

Yours, truly,

C. W. BURLESON & SON.

NICKEL ALARM CLOCKS.

CHICAGO, *December 9, 1908.*

Hon. HENRY S. BOUTELL,
House of Representatives, Washington, D. C.

DEAR SIR:

* * * * * * *

We are not in favor of reducing the tariff on all clocks, but on some makes; for instance, on nickel alarm clocks, which are bought by the laboring people, there should be a reduction in the tariff, as the difference in wages between foreign countries and here does not amount to the duty of 40 per cent, which this article is paying now, where the cost for metal and machinery is equal. Even foreign manufacturers are using now machinery made in the United States.

Thanking you in advance for further information, we remain.

Very respectfully, yours,

GEO. KUEHL & Co.

PIG IRON.

THE OREGON IRON AND STEEL COMPANY, PORTLAND, OREG., ADVOCATES REDUCTION OF DUTY ON PIG IRON.

PORTLAND, OREG., *December 8, 1908.*

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: We beg respectfully to call to your attention some particulars regarding the tariff on pig iron.

We are manufacturers of cast-iron pipe in our foundry at Oswego, close to Portland, Oreg., and by reason of the high tariff of $4 per ton on pig iron from abroad we have to close down our foundry from time to time. For example, we have not operated our pipe foundry since November, 1907, and are not operating it now.

We believe that were the tariff on pig iron cut in two that a very large development would take place on this Pacific coast. It seems more logical for the best interests of this country that the tariff on what may be called the "raw material" should be cut down rather than cut the tariff on the manufactured material, such as steel beams, etc. Were the tariff on the raw material cut in two, this coast would be enabled to purchase pig iron from Europe and China, from which latter source we are now beginning to receive some, so that large manufacturing establishments could be operated and employment given to American workmen in same. But if a cut is made on steel beams and other manufactured goods and no cut made on the tariff on pig iron, it simply means, as far as this coast is concerned, that the manufacturer of iron and steel commodities will be placed at a greater disadvantage than ever when competing with foreign manufactured goods; and not only with foreign manufactured articles, but with domestic eastern manufactured articles also.

We trust that you may see your way to help us in this respect.

We shall be glad to give you any further information that you may desire.

Yours, respectfully, OREGON IRON AND STEEL CO.,
A. S. PATTULLO, *Secretary.*

THE EMPIRE STEEL AND IRON COMPANY, CATASAUQUA, PA., WRITES RELATIVE TO IRON ORE AND PIG IRON.

CATASAUQUA, PA., *December 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Understanding that my friend, Mr. Joseph G. Butler, jr., of Youngstown, Ohio, was to represent the makers of pig iron, both East and West, before your committee, I have up to this time refrained from approaching you direct, although I had the pleasure of being present at the hearing in Washington on the 27th ultimo, when Mr. Butler informed you that he proposed to present a brief for your consideration, embodying the facts as seen from the stand-

point of the pig-iron producer relative to the duty on pig iron and iron ore at this time.

I have not as yet had an opportunity of reviewing the brief, which will doubtless clearly outline to your good selves our position in the premises, but can not allow the recent communications on this subject you have received from other sources to pass by without comment on my part, for the statements made, if the reports shown by the trade papers are correct, are so misleading, from our way of thinking, that I feel compelled to encroach on your good nature by giving you my views in answer thereto.

First of all, I wish to touch on the statement made by Messrs. Colne & Co., of New York, who claim that the present duty of $4 per ton should be either considerably lowered or entirely abrogated on what they are pleased to call "silicon iron," claiming that it is practically unprocurable in this country, the product being confined principally in the hands of one house, and that with the duty out of the way a supply sufficient for their needs could readily be secured from England at a lower price than the American quality, even after the addition of freight charges.

Whilst the latter fact is admitted, I am obliged to disagree with their statement as to the manufacture of the product in America, for the metal is nothing more than ordinary iron, known in the trade as "low phosphorus pig iron," and does not differ in any respect from iron used in our open-hearth acid furnaces excepting in the matter of silicon, which is an element that is controlled entirely in the blast furnace, and can be made high or low to meet the requirements of the trade.

The average requirements in silicon are from 1 per cent to 2 per cent, but we have contracts on our books now calling for the same iron running from 2 per cent to 3 per cent in silicon, which percentage is sufficiently high for the so-called "tropenas converter," a system of melting used by Colne & Co., and which I understand requires iron with silicon from 2.25 per cent upward.

As to one house controlling this low phosphorous iron, I have positive knowledge of 10 concerns having made it for many years past, and the company I represent has made a specialty of this metal since 1885; but although we own and operate 8 blast furnaces, not more than 1 of them has been continuously in operation on this particular metal, because of the failure of the trade to require a sufficient amount to warrant our increasing the output.

If the present duty of $4 is to be reduced more than a maximum of 25 per cent the industry will be killed, and not only does this statement apply to the so-called "silicon iron," but in spite of what others have said on the subject, it will put out of business practically every eastern furnace, for English iron could very profitably be brought in here practically all the time were it not for the duty, although, as I have already stated, a moderate reduction can be made without damaging effect on the American producer.

In a letter to Mr. Butler, under date of November 28, I stated that in order to carry out the party's pledges a revision of the Dingley tariff was surely necessary, and that I saw no reason for cutting

out the products of iron and steel and iron ores, if each commodity throuhgout the entire line was to be fairly dealt with regardless of selfish or personal interests, nor could I, on the other hand, see why iron ore should be placed on the free list, as suggested by some of my colleagues.

As to pig iron, I felt in the beginning that a 25 per cent reduction could be made without any harm to the producer, either East or West, but after going considerably deeper into the question I now think 25 per cent would perhaps be more than the industry as a whole could stand at this time, and therefore recommend not over 10 per cent, or, say, 40 cents a ton, thereby fixing the new schedule at $3.60.

For iron ore, 2 tons of which are required for a ton of pig, I suggest 10 cents per ton, or 30 cents, instead of 40 cents, as provided in the Dingley tariff.

It is of course easy to see why some of my near-by competitors, whose investments in iron-ore properties are altogether in Cuba, whilst urging the retention of the duty on finished products of iron and steel, favor free ore, but having during the last three or four years spent a half a million dollars in the development of iron ore properties in the State of New Jersey, thereby aiding American labor to a greater extent than would have been the case had we resorted to Cuba for our needs, I hardly think it would be fair to make ore free at one stroke, preferring a gradual reduction in all these products over a series of years, otherwise labor will be severely dealt with before our business can be made to compete with the foreign situation.

The next quotations I refer to are those of Mr. Frank Samuel and Major Ennis, of Philadelphia, neither of them producers, but both importers, and apparently looking entirely at the mercantile end, for their branch of the industry would certainly be benefited by anything that you can do to enable them to import foreign material at a price that will undersell the American manufacture at home.

These remarks are certainly not intended to reflect any selfish interest or throw discredit anywhere, but they are made by one who has spent the last fifteen years of his life in attempting to build up a business in such a way as to warrant a fair return to the investor, but which, since the formation of the company (the Empire Company) some ten years ago, has not enabled me to pay more than an average of, say, 6 per cent to those who put in their money at the start, and in making this statement I feel that only the closest attention to the business has enabled us to make any returns, and that a reduction of over $1 on pig iron at this time would force us to close down every plant we control before the end of the year.

In conclusion, you will please understand that our business is purely that of the mining of iron ore and manufacture of pig iron, our maximum capacity of pig being approximately 26,000 tons monthly, all of which is sold in the open market before going through any further stages of refinement.

This is the situation as seen from our standpoint, and apologizing for having encroached on your time to any such degree, I am,

Yours, respectfully,

LEONARD PECKITT, *President.*

NELSON LYON, OF TARRYTOWN, N. Y., FILES SUPPLEMENTAL BRIEF RELATIVE TO FREE PIG IRON.

TARRYTOWN, N. Y., *December 16, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: My supplemental brief with statements, productions, prices, and arguments apply to pig iron and their associate industries. I ask for free pig iron. I also ask for free raw material in the coarser products of iron and wire. I thank you for the courtesies extended to me in my former hearing before your honorable committee, and was greatly pleased at your desire to get at the real facts necessary for an equitable revision of our tariff.

In reply to your requests I herewith file various memorandums of the productions of pig iron; extending back to 1890 down to date; also the average yearly prices for earlier years; and for many of the later years I have obtained monthly productions and monthly prices. I have also been able through the courtesy of the Iron Age, to corresponds with our No. 2 southern coke. American and Scotch prices are filed side by side with each other. The Scotch prices are for every other month from 1896 down to and including 1907. These prices are f. o. b. Glasgow. To compete with American prices, $2 per ton for transportation will have to be added to make the price f. o. b. New York. By comparing them with prices here, you will see at a glance they would not prevent our producers getting a "fair profit" on their production.

Have also filed prices of Lake Superior iron ore for years of 1904, 1905, 1906, 1907, and 1908; also Lake ore shipments for 1906, 1907, and 1908.

You will find the prices of Lake ore shipments average 75 per cent higher in 1908, during the depression, than during the depression in 1904. The grip of the trust is again disclosed in the ore prices.

I have also filed prices of pig iron during the years of depression 1904 and 1908, and wish you to compare them closely. In the year 1904 the Tennessee Coal and Iron Company were in open competition in pig iron. During 1908, after the United States Steel Corporation absorbed the Tennessee Coal and Iron Company, prices were 33 per cent higher during the depression. This shows just how they rob the people, and will continue to do it as long as there is a tariff to protect them in it. (See further remarks on pig-iron sheets showing production and prices.)

I also file production and prices of wire nails since 1896 down to 1908.

The first calendar year under the Dingley tariff was 1898, and the price of wire nails at Pittsburg in February, 1898, was $1.45, and they did not sell again for that price during the year, and closed the year at $1.27 per 100 pounds.

The American Steel and Wire Company and their combinations, the largest trust previous to the National Steel Company, was formed the latter part of 1898. They were powerful enough to control the output of wire rods, wire nails, wire, steel beams, and rails.

During the year 1899 they advanced the price of wire from $1.27 in December, 1898, to $2.95 in December, 1899, and to $3.20 in Janu-

ary, 1900, an advance of over 135 per cent. This advance was all clear profit.

I also present statistics showing imports and exports of iron and steel, commencing with 1893, when the imports and exports were about even, $30,000,000 each. From that day onward the exports increased and imports decreased, until the year 1900, when there were—

Exports	$129,633,480
Imports	20,443,911

In 1904 there were—

Exports	$128,553,000
Imports	21,621,000

In 1907 there were—

Exports	$197,066,000
Imports	38,789,000
Showing an excess of exports	158,276,000

The highest prices for labor in America in a great many years was reached, and our cost of production must have been as high as it ever was; our exports were $197,066,781; imports only increased to $38,789,861. This shows we are able to make iron and steel at the very highest possible cost that they have ever reached and still increase our sales in European market nearly 20 per cent in 1907 over 1906, a very prosperous year.

These figures absolutely refute Mr. Schwab's statement that we export more in dull times than we do in good times; the higher the American production the higher are our foreign sales. It will be seen by comparing last year's exports with this year's that they will be less this year than they were last, when Mr. Schwab would give your committee to understand that they would equal 20 per cent this year or about three times what they were last.

December reports for ten months show exports to be as follows:

Ten months in—	
1907	$1,099,652
1908	815,315
Deficiency in exports in 1908 compared with 1907	284,337

I again here repeat, if the tariff is to be in the interests of the workingman and consumer, when the American manufacturer can produce his goods here and sell freely in foreign market, the tariff should be entirely removed.

The above figures are conclusive proof that Europe can not compete with them, notwithstanding we pay freight for delivery in Europe, which amounts to nearly $2 per ton.

Again, I wish to refer to the cost of producing pig iron; Mr. Schwab tells use that the average cost of pig iron is about $14 per ton to-day, and he has known furnaces which have shut down because they could not make and sell pig iron at $14 and make money.

The average price of No. 2 pig iron at Cincinnati in 1904 was $12.73 per ton, and manufacturers had doubled their output between January 1 and December 31. Here is another absolute proof of the falsity of Mr. Schwab's statement that we are selling more iron and steel this year than last.

By referring to the United States Steel Corporation's report of December 31, 1904, their gross sales and earnings were $444,405,430, with a balance of $90,778,000, from which they paid, general expenses, $14,785,366, and all interest charges and dividends on capitalization, as reported in their December 31, 1903, statement, of $1,583,845,000.

Anyone who knows the conditions of the iron industry to-day knows that with one-half of their employees idle they could produce pig iron to-day just as cheap as they did produce it in 1904. Their employees would prefer to work for less wages than to have half of them idle, and they could and should have reduced their labor cost at that time, which would have lessened the cost of production, therefore should have reduced the selling price of the product.

The facts are they have maintained until very recently the high prices of last year on nearly their total production, and in the face of this they dare not reduce the price of labor of their employees.

According to the rule of law "false in one, false in all," Mr. Schwab should again appear before your committee under oath, and he would not affirm his statement of December 15.

Treatment of labor by steel trusts during the panic and recession in business since October 1 is the worst it could possibly be. When business slackens they close their furnaces and rolling mills. They tell the country they would not be so inhuman as to reduce the price of labor after having three prosperous years; they also tell us they will not reduce the price of their product.

They closed furnace after furnace until only 28 per cent were in operation. Their policy is and has been to only produce to supply the immediate demand. When the raw material is not produced, the rolling mills must close; also all other productions must reduce their output.

During their slackest time this year, 28 per cent only of their workingmen were employed. Their total employees were 210,180; 70 per cent of same being out of work would number 147,126. Nearly eight months passed before they were working to 50 per cent of their capacity. This would leave idle eight months after the panic commenced 105,000. Their latest reports published showed only 60 per cent of their capacity employed. On the basis of these figures they would have idle 84,000.

Was there ever a more inhuman treatment of labor? The trusts themselves are not deserving of any consideration, as far as a protective tariff is concerned.

The prices of finished products have not been advanced as great as raw material, but their finished products have been much too high. Raw material (pig iron) prices have been advanced so that the market price has been over 100 per cent above the cost of production. It was these extreme high prices of 1906 and 1907 that brought the great recession in business, as acknowledged by our honest President, W. H. Taft, recently elected, and they will continue to come as long as we have a high tariff.

The following is the price for No. 2 southern pig iron at Cincinnati: From February, 1897, to December 31, 1898, a period of twenty-two months, the price of No. 2 pig iron at Cincinnati averaged about $9.50 per ton, and in no month did the price average over $10 per ton.

Very soon after the American Steel and Wire Company was organized the price of iron began to advance and reached—

In June, 1899	$16.00
In October, 1899	20.75

PRICE OF SCOTCH IRON.

The Scotch price of £3 8s. 8d.		$16.50
Add—		
Tariff	$4.00	
Freight	2.00	
		6.00
Total		22.50

and remained at this price until April, 1900; in May, 1900, receded to $19.75; October, 1900, to $12.87. This showed an advance of nearly 120 per cent in price in nine months.

From October, 1900, to April, 1902, a period of eighteen months, it did not vary $2 per ton, prices ranging from $12.87 to $14.

In June, 1902, price advanced to $20; October, 1902, to $25.60.

Wire nails were sold at $1.27 per 100 pounds in December, 1898; in June were advanced to $2.30 per 100 pounds; January, 1900, to $3.20 per 100 pounds. From that day to this the price of nails has held the advance of 50 to 70 per cent above the regular price at which they were sold before the trusts were formed.

The following are prices of Scotch pig iron, Cleveland No. 3 f. o. b. Glasgow; also No. 2 foundry, at Cincinnati, Ohio, commencing 1896 down to 1908, every other month, which will be a fair average. Two dollars per ton must be added to make price Scotch pig iron f. o. b. New York:

	Scotch pig iron, Cleveland No. 3.				No. 2 foundry, Cincinnati.	Total production of America.
	Price.			United States currency.		
1896.	£	s.	d.			Tons.
January	1	17	3	$8.94	....	
March	1	18	7	9.26	....	
May	1	17	4	8.96	....	
July	1	16	11	8.86	....	8,623,127
September	1	17	11	8.10	....	
November	2	0	5	9.70	....	
December	2	0	5	9.70	....	
1897.						
January	2	1	2	9.86	$10.00	
March	2	0	5	9.70	9.69	
May	1	19	7	9.50	8.75	
July	1	19	6	9.48	8.95	9,652,680
September	2	1	7	9.98	9.35	
November	2	1	5	9.94	9.50	
December	2	0	4	9.68	9.50	
1898.						
January	2	0	9	9.78	9.50	
March	2	0	6	9.72	9.25	
May	2	0	7	9.74	9.37	
July	2	0	4	9.68	9.25	11,773,934
September	2	3	0	10.32	9.55	
November	2	9	1	11.78	9.75	
December	2	4	3	10.66	9.90	
1899.						
January	2	6	10	11.24	10.31	
March	2	7	9	11.46	13.75	
May	2	15	11	13.42	14.56	
July	3	11	6	17.16	17.56	13,620,703
September	3	17	7	18.62	19.94	
November	3	10	0	16.80	20.75	
December	3	6	9	16.02	20.75	

	Scotch pig iron, Cleveland No. 3. Price.			Scotch pig iron, Cleveland No. 3. United States currency.	No. 2 foundry, Cincinnati.	Total production of America.
1900.	£	s.	d.			Tons.
January	3	7	10	$16.28	$20.69	
March	3	13	10	17.72	23.50	
May	3	14	2	17.80	19.75	
July	3	9	3	16.62	16.81	13,789,942
September	3	10	9	16.98	13.62	
November	3	3	6	15.24	12.95	
December	2	13	6	12.84	13.75	
1901.						
January	2	8	0	11.52	13.45	
March	2	5	8	10.96	14.00	
May	2	5	10	11.00	13.85	
July	2	4	6	10.78	13.00	15,878,354
September	2	5	3	10.86	13.06	
November	2	3	6	10.44	14.00	
December	2	3	1	10.32	14.25	
1902.						
January	2	3	11	10.54	14.55	
March	2	6	9	11.22	14.75	
May	2	8	10	11.72	18.35	
July	2	10	9	12.18	20.75	
September	2	13	6	12.84	25.00	17,821,307
June price					25.65	
November	2	10	9	12.18	23.62	
December	2	7	11	11.50	22.44	
1903.						
January	2	7	3	11.34	21.65	
March	2	11	10	12.44	21.37	
May	2	6	1	11.06	18.87	
July	2	6	7	11.18	16.15	18,009,252
September	2	5	7	10.94	14.75	
November	2	2	10	10.28	12.00	
December	2	1	11	10.96	12.05	
1904.						
January	2	2	3	10.14	12.37	
March	2	3	3	10.38	12.10	
May	2	6	1	11.06	12.25	
July	2	6	7	11.18	11.81	16,497,033
September	2	5	7	10.94	12.00	
November	2	2	10	10.28	15.19	
December	2	1	11	10.06	15.85	
1905.						
January	2	8	11	11.74	16.25	
March	2	9	6	11.88	16.25	
May	2	11	5	12.34	15.81	
July	2	5	9	10.98	13.94	22,992,380
September	2	8	8	11.68	14.37	
November	2	12	9	12.66	16.60	
December	2	13	8	12.78	16.75	
1906.						
January	2	13	9	12.90		
March	2	8	1	11.54		
May	1	10	2	12.04		
July	2	10	6	12.12		
September	2	14	6	13.09		
November	2	18	6	14.04		
December	3	2	4	14.96		
1907.						
January	2	19	7	14.30		
March	2	14	3	13.02		
May	3	0	10	14.60		
July	2	17	2	13.72		
September	2	15	1	13.22		
November	2	10	2	12.04		
December	2	9	3	11.82		

Pig-iron production by steel companies.

	Amount.	Price per ton.
1906.	*Tons.*	
January	1,358,015	$16.75
February	1,226,760	16.75
March	1,400,395	16.65
April	1,333,591	16.63
May	1,372,423	16.75
June	1,293,437	16.44
July	1,323,391	16.06
August	1,237,485	17.30
September	1,264,380	18.69
October	1,452,200	20.00
November	1,411,350	23.38
December	1,463,035	25.00
1907.		
January	1,406,397	26.00
February	1,317,923	26.00
March	1,424,827	26.00
April	1,446,788	25.06
May	1,470,080	24.25
June	1,457,230	24.10
July	1,452,557	23.85
August	1,445,685	23.00
September	1,417,153	21.50
October	1,514,521	20.95
November	1,084,114	19.50
December	659,459	17.00

Total production, 1906, 25,307,191 tons.
Total production, 1907, 25,781,361 tons.

The total productions noted above are for all producers. The production by steel companies shows how quickly the trust corporations close furnaces when they have over $90,000,000 in the bank subject to check.

If the tariff on pig iron was removed, they would have kept their workingmen employed similar to Merchant furnace.

You will also see how close our furnace men kept to Scotch prices plus $4 tariff and $2 freight.

We have also given you the Scotch prices from 1896 down to 1908. To make a parallel you will have to add for freight from Cincinnati price to equal New York price, $2 per ton; you will also have to add freight to Scotch prices to be f. o. b. New York, $2 per ton.

You will notice the price of pig iron advanced from $13 per ton in May, 1901, to $25.65 in June, 1902, without any apparent change in cost of production.

Prices receded again in November, 1903, to $12, and remained at nearly this price until it commenced to advance again in October, 1904, advancing in October, 1906, to $20; in December, 1906, to $25; in January, February, and March, 1907, to $26; in August, 1907, receded to $23; in December, 1907, receded to $17.

The total productions noted above are for all producers.

The above figures show that furnace men will get not only Scotch prices, $4 for tariff, $2 for freight, but from $2 to $4 besides.

There is no way to prevent it except by the reduction of the tariff and give them an open competition with Europe.

The following tables are prices of No. 2 coke foundry pig iron at Cincinnati, Ohio, steel beams at Philadelphia, and wire nails at

Pittsburg, for the following years, 1897, the last fiscal year under the Wilson bill, and 1898, the first calendar year under the Dingley law, and also the prices for the years 1899 and 1900. The two latter years show the great advance and recession in prices of foundry iron, steel beams, and wire nails, also pig iron.

	1897.			1898.		
	Southern No. 2 foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.	Southern No. 2 foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.
January	$10.00	$1.70	$1.39	$9.50	$1.30	$1.42
February	9.75	1.70	1.35	9.25	1.30	1.45
March	9.69	1.70	1.40	9.25	1.30	1.43
April	9.25	1.70	1.40	9.25	1.30	1.31
May	8.75	1.49	1.35	9.37	1.30	1.31
June	8.75	1.25	1.31	9.30	1.30	1.35
July	8.95	1.15	1.25	9.25	1.30	1.31
August	9.00	1.15	1.25	9.37	1.37	1.26
September	9.35	1.15	1.41	9.55	1.40	1.32
October	9.50	1.20	1.49	9.75	1.38	1.33
November	9.50	1.20	1.41	9.75	1.35	1.28
December	9.50	1.20	1.39	9.90	1.35	1.27

	1899.			1900.		
	Southern No. 2 foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.	Southern No. 2 foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.
January	$10.31	$1.40	$1.43	$20.69	$2.40	$3.20
February	11.69	1.42	1.57	20.50	2.40	3.20
March	13.75	1.55	1.94	20.30	2.40	3.20
April	14.50	1.64	2.05	20.19	2.40	2.95
May	14.56	1.63	2.10	19.75	2.40	2.20
June	16.00	1.82	2.30	18.75	2.22	2.20
July	17.56	2.08	2.42	16.81	2.05	2.20
August	18.35	2.20	2.50	14.25	1.89	2.20
September	19.94	2.40	2.76	13.62	1.65	2.20
October	20.75	2.40	2.87	12.87	1.65	2.20
November	20.75	2.40	2.95	12.95	1.65	2.20
December	20.75	2.40	2.95	13.75	1.65	2.20

	1901.			1902.		
	Southern No. 2 Foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.	Southern No. 2 Foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.
January	$13.45	$1.65	$2.22	$14.65	$1.75	$1.99
February	13.12	1.63	2.30	14.75	1.75	2.05
March	14.00	1.66	2.30	14.75	1.85	2.05
April	14.50	1.75	2.30	16.87	1.90	2.05
May	13.85	1.75	2.30	18.35	1.99	2.05
June	13.37	1.75	2.30	20.19	2.11	2.05
July	13.00	1.75	2.30	20.75	2.27	2.05
August	13.00	1.75	2.30	23.06	2.21	2.05
September	13.06	1.75	2.30	25.00	2.10	2.03
October	13.75	1.75	2.28	25.65	2.09	1.89
November	14.00	1.75	2.17	23.62	2.00	1.86
December	14.25	1.75	1.99	22.44	1.97	1.85

	1903.			1904.		
	Southern No. 2 Foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.	Southern No. 2 Foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.
January	$21.65	$1.78	$1.89	$12.37	$1.74	$1.89
February	21.50	1.75	1.92	12.12	1.74	1.90
March	21.37	1.75	2.00	12.10	1.74	1.91
April	20.15	1.74	2.00	12.50	1.74	1.90
May	18.87	1.73	2.00	12.25	1.74	1.90
June	17.75	1.73	2.00	11.80	1.74	1.89
July	16.15	1.73	2.00	11.81	1.74	1.71
August	15.19	1.73	2.00	12.00	1.74	1.60
September	14.75	1.73	2.00	12.00	1.58	1.60
October	13.50	1.73	2.00	12.81	1.54	1.62
November	12.00	1.73	1.97	15.19	1.54	1.73
December	12.05	1.73	1.87	15.85	1.58	1.73

	1905.			1906.		
	Southern No. 2 Foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.	Southern No. 2 Foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.
January	$16.25	$1.64	$1.75	$16.75	$1.83	$1.85
February	16.25	1.67	1.80	16.75	1.83	1.85
March	16.25	1.74	1.80	16.65	1.83	1.85
April	16.25	1.74	1.80	16.63	1.83	1.85
May	15.81	1.74	1.74	16.75	1.83	1.85
June	14.65	1.74	1.74	16.44	1.83	1.85
July	13.94	1.74	1.70	16.06	1.83	1.84
August	14.40	1.77	1.70	17.30	1.83	1.82
September	14.37	1.89	1.74	18.69	1.83	1.86
October	15.31	1.88	1.80	20.00	1.83	1.85
November	16.60	1.84	1.80	23.38	1.83	1.88
December	16.75	1.84	1.80	25.00	1.83	2.00

	1907.				1908.	
	Southern No. 2 Foundry, Cincinnati.	Steel beams, Philadelphia.	Wire nails, Pittsburg.		Southern No. 2 Foundry, Cincinnati.	Wire nails, Pittsburg.
January	$26.00	$1.83	$2.00	January	$16.00	$2.05
February	26.00	1.83	2.00	February 6	15.75	2.05
March	26.00	1.83	2.00	February 19	15.75	2.05
April	25.06	1.83	2.00	March 12	15.75	2.05
May	24.25	1.83	2.00	March 26	15.25	2.05
June	24.10	1.84	2.00	April 8	15.25	2.05
July	23.85	1.85	2.00	April 16	15.25	2.05
August	23.00	1.85	2.00	May 7	14.75	2.05
September	21.50	1.85	2.05	May 14	14.75	2.05
October	20.95	1.85	2.05	May 21	14.75	2.05
November	19.50	1.85	2.05	May 28	14.75	2.05
December	17.00	1.85	2.05	June 4	15.25	2.05

Table showing the production of pig iron in United States, gross tons, from 1890 down to and including 1901; also the total capacity per week for the years 1900 and 1901.

Production in United States, 1890-1901.		Prices for No. 2 southern pig at Chicago.	Total capacity per week and prices at Cincinnati.				
				1900.		1901.	
	Tons.			Tons.		Tons.	
1890	9,202,703		Jan	294,186	$20.69	250,351	$13.45
1891	8,279,870		Feb	298,014	20.50	278,258	13.12
1892	9,157,000		Mar	292,643	20.30	292,899	14.00
1893	7,124,502		Apr.	289,482	20.19	296,676	14.50
1894	6,654,388	$10.75	May	293,850	19.75	301,125	13.85
1895	9,446,308	11.75	June	296,376	18.75	315,505	13.37
1896	8,623,127	11.40	July	283,413	16.81	310,950	13.00
1897	9,652,680	10.25	Aug	244,426	14.25	303,847	13.00
1898	11,773,934	10.45	Sept	231,778	13.62	299,861	13.06
1899	13,620,703	17.75	Oct	223,169	12.87	307,962	13.75
1900	13,789,242	18.35	Nov	215,304	12.95	320,824	14.00
1901	15,878,354	14.60	Dec	228,846	13.75	324,761	14.25

Monthly pig iron production.

	Tons.	Price per ton.
1902.		
January		$14.55
February		14.75
March		14.75
April		16.87
May		18.35
June		20.19
July	1,441,858	20.75
August	1,468,165	23.06
September	1,418,600	25.00
October	1,480,941	25.65
November	1,432,879	23.62
December	1,537,247	22.44
1903.		
January	1,472,788	21.65
February	1,392,031	21.60
March	1,590,470	21.37
April	1,608,431	20.15
May	1,716,174	18.87
June	1,673,228	17.75
July	1,560,440	16.15
August	1,573,648	15.19
September	1,556,717	14.75
October	1,425,282	13.50
November	1,039,622	12.00
December	852,575	12.06
1904.		
January	922,746	12.37
February	1,205,449	12.12
March	1,465,507	12.10
April	1,558,350	12.50
May	1,292,030	12.25
June	1,553,350	11.80
July	1,082,784	11.81
August	1,169,407	12.00
September	1,352,677	12.00
October	1,448,973	12.81
November	1,480,602	15.19
December	1,614,346	15.85

Production of pig iron by steel companies.

[Iron Age, December 10, p. 1734.]

	1906.	1907.	1908.
January	1,358,015	1,406,397	664,415
February	1,226,760	1,317,923	745,802
March	1,400,395	1,424,827	841,502
April	1,383,591	1,446,788	725,548
May	1,372,423	1,470,080	759,674
June	1,293,437	1,457,230	717,689
July	1,323,391	1,452,557	798,639
August	1,237,485	1,445,685	897,052
September	1,264,380	1,417,153	933,154
October	1,452,200	1,514,521	996,481
November	1,411,350	1,084,114	981,167
		15,437,275	9,061,123
December	1,445,528	659,459	....

Lake ore shipments, returns from Lake Superior docks, shows the following:

[Iron Age, December 10.]

	1908.	1907.	1906.
Escanaba	3,854,952	5,761,988	5,851,095
Marquette	1,487,487	3,013,826	2,791,033
Ashland	2,513,670	8,437,672	3,388,111
Two Harbors	5,702,237	8,188,906	8,180,128
Superior	3,564,030	7,440,386	6,083,057
Duluth	8,808,168	13,445,977	11,220,218
Total shipments by boat	25,430,544	41,288,755	37,513,642

Prices of Lake Superior iron ore, per gross ton.

[Iron Trade, p. 29.]

Grades.	1904.	1905.	1906.	1907.	1908.
Old Range Bessemer	$3.00-$3.25	$3.75	$4.25	$5.00	$4.50
Old Range non-Bessemer	2.60- 2.80	3.20	3.70	4.20	3.70
Mesabi Bessemer	2.75- 3.00	3.50	4.00	4.75	4.25
Mesabi non-Bessemer	2.35- 2.50	3.00	3.50	4.00	3.50

The above figures show production of pig iron by steel companies during the years 1906, 1907, and 1908, showing just the reduction in this year's business, which has been reduced to the lowest possible minimum in dull times.

I call special attention to prices of Lake Superior ore during depression of 1904; also 1908:

Average ore prices during 1904 depression	$2.80
Average ore prices during 1908 depression	4.00
Showing an advance per ton of	1.80

Comment is unnecessary. If the steel companies are permitted to continue under the present tariff, soon they will own or control absolutely the whole output and furnace.

The tariff on iron ore certainly should be removed; after corporations have exhausted their mines and made fortunes out of them they will want the tariff increased.

With a balance of $6,100,000,000 to our credit in exports, nearly all gained since 1895, shown in my former statement, it is time the people were considered.

It is now no longer of any more importance to sell $1,000,000 worth of goods in a foreign market than it is to increase our home sales that amount.

Our high tariff should be reduced so our home people will consume the greatest amount possible.

Imports and exports of iron and steel from the year 1893 down to and including 1907.

	Imports.	Exports.		Imports.	Exports.
1893	$29 656,539	$30,159,363	1901	$20,395,015	$102,534,575
1894	20,853,576	29,943,729	1902	41,468,826	97,892,036
1895	25,772,136	35,071,563	1903	41,255,864	99,035,865
1896	19,506,587	48,670,218	1904	21,621,970	128,553,613
1897	13,835,950	62,737,250	1905	26,401,283	142,930,513
1898	12,474,572	82,771,550	1906	34,827,132	172,555,568
1899	15,800,579	105,690,047	1907	38,789,851	197,066,781
1900	20,443,911	129,633,480			

The above imports and exports of iron and steel, beginning in 1893, were nearly equal; from that year our exports increased, down to 1900.

Exports in 1900	$129,633,480
Imports decreased to	20,443,901
Showing excess of exports	109,189,579
Exports, 1907	197,066,781
Imports, 1907	38,789,851
Showing excess of exports	158,276,930

The above figures tell their own story. Our exports of all kinds of iron and steel show what we are making successfully with American labor during a year when prices have been the highest in years. We pay the ocean freights, which must be $2 per ton and upward, and are underselling Europe in their own market; also underselling Germany, which is proof that no tariff is needed and serves only to compel Americans to pay higher prices than our manufacturers sell for in Europe.

Our tariff laws are asserted to be in the interests of labor and consumers. These figures show that they are solely in the interests of the trusts and their combinations in the iron and steel productions.

The exports of 1907 show exports nearly equal to one-third of the steel trust's total output, and can not be said it is simply to dump surplus.

The exports of 1907, the year with the highest priced production we ever had, we increased our exports of iron and steel over $25,000,000. There can be no stronger proof that no tariff is needed in the United States, as we can manufacture much more cheaply this year than last.

It has been constantly asserted and generally believed that the tariff is to protect the American workingman against the lower-paid workman of other countries. The facts herewith presented are posi-

tive proof that the greater object of the present Dingley tariff is not so much to protect the workingman as it is to compel the American consumer to pay much higher prices than Europeans pay for the same goods, and when the American prices advance to the European price, plus the tariff and ocean freights, that the workman does not share in that advanced price, but really has to pay this advance on much of the goods he consumes here.

If the tariff is to be in the interests of the workingmen and consumers, when the American manufacturer can manufacture his goods here and sell freely in the foreign market the tariff should be entirely removed.

The Dingley tariff enables the manufacturers to, and the manufacturers do, often advance the market price so they get unreasonable profits, and the prices have been advanced so great that they unsettle the whole business of the country and produce panics and recessions in business. The workingmen and consumers do not get the benefit of the advance in prices, and the workingmen are frequently thrown out of employment, waiting for confidence to be restored.

If the tariff was entirely removed on pig iron and the coarser makes of wire for manufacturing and wire for farm uses, the prices and production would be far more normal; labor would be constantly employed at fair wages.

Since the large combinations have been formed, like the American Steel and Wire Company, and later the United States Steel trust, they absolutely control production and the prices of what they produce. They meet together monthly, when the situation is extreme, and tell us what a great blessing they have been to the country in maintaining high prices. Such a meeting was very recently held.

As Haaman built the gallows on which he afterwards was hung, so the steel trust have supplied us certified statements of assets, production, and sales to show themselves to be the greatest robbers under our tariff of any corporation that exists in the United States that has come into the limelight. They are a public leech on nearly every industry in the land.

The greatest of American industries, the railroads, shipbuilding, stove and foundry trades, agricultural works, building trades, and hundreds of others all pay tribute. Scarcely one of these great industries dare appear before your committee and ask for free pig iron or a reduction of tariff on wires for fear of offending this giant corporation, and fear it will interfere with future dealings; they can not go outside and supply their wants.

Mr. Collier, president of the National Manufacturing Company, of Worcester, Mass., who also represented three others in the same city who use about 4,500 tons of wire in house-furnishing articles, appeared before your committee to ask for 50 per cent increased duty on strainers in addition to a greatly increased specific duty. When I asked him why he did not ask for free or freer raw material he would not reply. Many other large manufacturers have told me they could not get supplied outside of the trust and dare not offend them, and told me I could give the facts, but must not give their names; and some said if they could have a prohibitive duty on the goods they make they would use tariff-protected raw material. This might in some cases answer for the manufacturers, but where do the great public come in?

From their own statement, the United States Steel Corporation show an apparent overcapitalization of $1,000,000,000.

Their first annual statement, December 31, 1902, with which they were to commence doing business January 1, 1903, showed assets of	$1,546,544,234
Their fifth annual statement, December 31, 1906, upon which they would do 1907 business, was	1,681,309,769
Showing an apparent increase of assets of	134,765,535
Gross sales and earnings for year to December 31, 1907, were	757,014,767
Gross sales and earnings for year to December 31, 1902, were	530,510,479
Increase sales in 1907 over 1902	196,504,288
Increase in assets in 1906 over 1902	134,765,535
Increased sales of 1906 over 1902	196,504,288

If the steel trust have made a correct statement of assets, as above quoted, and they produced $196,504,288 worth of goods in 1907, with additional assets of $134,765,767, they should produce their output of 1907, $757,014,767, with capital assets of $518,555,000.

Assets of December 31, 1907, were	$1,681,309,769
Amount of capital required to produce output of 1907 would be only	518,555,000
Showing an apparent overcapitalization of	1,162,654,769

American Iron and Steel Association.

[Kegs of 100 pounds.]

	Cut nails.	Wire nails.	Total.		Cut nails.	Wire nails.	Total.
1896	1,615,870	4,719,860	6,335,730	1902	1,633,762	10,982,246	12,616,008
1897	2,106,799	8,997,245	11,104,044	1903	1,435,893	9,631,661	11,067,554
1898	1,572,221	7,418,475	8,990,696	1904	1,283,362	11,926,661	13,210,023
1899	1,904,340	7,618,130	9,522,470	1905	1,357,549	10,854,892	12,212,441
1900	1,573,494	7,233,979	8,807,473	1906	1,189,239	11,486,647	12,675,886
1901	1,542,240	9,803,822	11,346,062	1907	11,109,138	11,731,044	12,840,182

By referring to prices of wire and cut nails you will see that soon after the American Iron and Steel Wire Company absorbed that industry in 1898 they at once advanced the price from $1.27 in December, 1898, to $2.30 in June, 1898, and $3.20 in January, 1900, on a greatly decreased product, which dropped from 11,104,044 kegs of 100 pounds each in 1897 to 8,807,473 kegs of 100 pounds each in 1900, and have not been below $2 per keg but a few times since, and prices were reduced $1 per keg at one stroke, nearly 33 per cent, in May, 1900. This should be sufficient proof that corporations have no souls. If they are going to heaven I do not want to be there. Kindly see that the production of 1907 does not exceed the production of 1897 only about 15 per cent.

Seven per cent is a fair profit.

I am very glad to be able to call your attention to a very important contract made by Mark A. Hanna & Co., of Cleveland, Ohio, with the Pittsburg Steel Company.

M. A. Hanna & Co. contracted to sell to the Pittsburg Steel Company 6,000 tons of pig iron per month on a sliding scale.

When the cost was $14 per ton the consumer is to pay 7 per cent above the cost, and for every advance of 50 cents per ton in the cost of making up to $17 the payment to be 1 per cent more, but the maximum to be 12 per cent above actual cost. The contract is to run two and a half years, with the privilege of a renewal for two years longer.

This seems to be a very equitable contract. I have always claimed 10 per cent to be an excellent profit on cost of goods by a large concern that can market their product with traveling salesmen.

The United States Steel Company on manufacturing and producing cost and operating expenses make a profit of 36 per cent. In 1903 on year's business their profit was 31 per cent; in 1904, 25 per cent; in 1905, 33 per cent; in 1906, 34 per cent; in 1907, 35 per cent; and they increased their assets from $1,325,267,583 in 1902 to $1.758,113,013 at the end of December, 1907.

Theirs is a class higher product and should make over 7 per cent profit. Our tariff laws should not allow them to increase their assets and working capital to this extent. I see that Mr. Schwab is a standpatter and does not think them overcapitalized and their profits none too large. They will take all the law allows them.

As per statement of United States Steel Corporation December 31, 1903, they show assets of $1,583,845,298 with which they were to commence doing business January 1, 1904. Their statement of December 31, 1904, shows their gross sales and earnings $444,405,430, and their manufacturing and producing cost and operating expenses were only $353,627,315, showing a balance of $90,778,115.

Will anyone who knows anything about manufacturing believe that their real actual assets were as above stated and only produced that amount of goods? By the above statement we show you, copied from their own certified statement, that with $134,000,000 of real added capital they did produce $196,504,000 additional goods. We think, beyond question, that any corporation that is not overcapitalized should produce manufactured goods equal to their capitalization.

Our own corporation, the Holt-Lyon Company, was incorporated for $20,000 capital nearly eight years ago; over one-half was supposed to be water or future profits capitalized. The president's and my salary is limited to $1,000 per year; we have added some to our assets, but have never been able to pay a dividend, because we have been robbed on our raw material to the amount of over $1,000 per year; our total assets, not including patents, to-day will not inventory over $12,000, and yet we produce over $36,000 worth of goods per annum, three times our working capital.

The Maxwell-Briscoe Motor Company, who manufacture automobiles in my home town, Tarrytown, N. Y., are capitalized for $1,500,000, and their production to-day exceeds $3,000,000 per annum, or fully twice their capital.

They believe in the seasons, the seed time and the harvest, and that the rose will bloom again, and also in the Maxwell motor. The season for selling automobiles is over, yet they are running to their fullest capacity making up parts to assemble next spring. They use up their surplus capital, go to their bankers and borrow hundreds of thousands of dollars, and pile up stock and are fully ready for the harvest in the spring.

Gentlemen of the committee, sweep from under the steel trust the tariff no longer necessary.

Put pig iron and iron ore on the free list, reduce the high tariff to the lowest minimum, and make competition close between this country and Europe, and the United States Steel Corporation will treat their employees right. You will hear no more about 150,000 employees being thrown out of work because of dull times after three years of unprecedented prosperity. They will not be trying to sell their production in times of depression. At panic times they will reduce the cost of production and selling price to manufacturers and consumers, who with reasonable concessions will absorb their surplus production, and will use up their cash surplus of $94,730,490 reported December 31, 1907, in keeping labor employed producing goods which are a sure sale, instead of closing furnaces and rolling mills.

What is true of the steel trust is nearly equally true with every other monopolized industry that combines all American producers and dictates the selling price.

Gentlemen, the remedy rests with you and Congress soon to assemble. In your bill to be prepared and recommended to Congress take thoroughly into your consideration the great mass of consumers and small manufacturers, the 95 out of the 100; the 10 are able to take care of themselves. With an equitable tariff bill passed, in the preparation of which there are other things to be considered besides just the difference in the price of labor, which the great American consumption can keep, as Mr. Carnegie says rolling mills are, constantly employed without changes; so it will be with every other American industry; then confidence will be restored; prices will no longer go skyrocket high, which recessions in business can only restore. Labor will be constantly employed, and we will have the millennium in business which everyone desires. All of the foregoing of which is

Respectfully submitted.

NELSON LYON,
Secretary and Treasurer.

ROOFING TIN.

JOHN H. STEVENS, NEWARK, N. J., CLAIMS THAT TIN MADE TO-DAY IS OF INFERIOR QUALITY.

NEWARK, N. J., *December 18, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As a small property owner and a lifelong Republican protectionist, I call attention to the poor quality of roofing tin which builders have been compelled to use since the American tin manufacturers were freed from foreign competition by a high tariff. Tin roofs put on twenty years ago are intact, but roofs covered with American tin soon rust out and only last from two to ten years, even when kept well painted. The plumbers say that the rust attacks the tin from underneath, a thing unheard of with the former good quality. The loss to property owners throughout the country must be

very large. I would respectfully suggest that the duty should be low enough to enable the importation of durable tin whenever our own product is improperly made.

The same is true of galvanized iron used for leaders. Any plumber will tell you that of late years the piping is rapidly attacked by the elements and has to be frequently replaced.

Perhaps this careless indifference to quality by manufacturers who fatten on the liberality of Congress has also affected other iron products—for example, steel rails, which Mr. Schwab testifies are in course of betterment. I think he is wrong, however, in asking us to pay for the cost of the necessary factory changes by maintaining the present tariff, for the foreign manufacturers, in order to meet him in these improvements, will also incur a big expense, and that should balance his burden without making it necessary for consumers to foot the bill.

Very respectfully, yours,

JOHN H. STEVENS.

SCRAP IRON AND STEEL BILLETS.

THE PORTLAND (ME.) IRON AND STEEL COMPANY WRITES RELATIVE TO ITS RAW MATERIALS.

BOSTON, MASS., *December 14, 1908.*

Hon. SAMUEL W. MCCALL, M. C.,
Washington, D. C.

MY DEAR SIR: As a New England member of the Ways and Means Committee on the revision of the tariff, we write you in the interest of an industry which we are operating at Portland, Me.

We have a rolling mill there which employs about 300 men, turning out a product of merchant bar iron which we distribute to the railroads and jobbers in the New England States.

The raw material which we use is entirely wrought scrap iron. There is a present import duty of $4 per ton on this material coming into the States. Canada is close to us, with the Grand Trunk Railroad running into the city of Portland. We have a dock at our mill, with tide water, where we can discharge our coal vessels from Philadelphia on low rates of freight.

We feel that the duty on scrap iron should be taken off to enable us to buy this material from Canada and other foreign countries.

Large quantities of this material are shipped into Pennsylvania which are used by the mills making the same product that we do, and the quantity produced during the last year has been less than heretofore on account of the depression in business; and we find that market advancing now so that the profit on our manufactured product is seriously affected. If we had another source of supply where we could import scrap, we would be better off than we are to-day.

One other product, which we advocate a radical reduction on, is steel billets. Situated as we are on tide water with our mills, we feel that lower duty on billets, or none at all, would give our industry in New England a great advantage over what it now has. We are obliged to pay the makers of open-hearth billets in Pennsylvania almost the price of the finished product of steel bars, which prohibits

our using steel billets to reroll into soft steel bars for our trade in New England. We are well equipped to roll this material and feel that this industry should be supported and prospered.

We have an up-to-date, well-equipped plant, equal to any first-class Pennsylvania mill turning out the same product, and all we ask is an equal chance with Pennsylvania mills to make the same product and sell it in New England.

From your past record in supporting and fostering industries in New England, we believe you will take this matter up and bring it before the proper parties for consideration.

Very truly, yours,

Portland Iron and Steel Co.,
R. M. Boutnell, *Treasurer.*

STEEL BARS AND BILLETS.

JOHN O. PEW, YOUNGSTOWN, OHIO, MAKES SUGGESTIONS RELATIVE TO STEEL BARS AND SIMILAR PRODUCTION.

Youngstown, Ohio, *December 4, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: The plant with which I am connected is located at Youngstown, Ohio, and has an output of about 30,000 tons per annum. It produces sheet steel from sheet-steel bars or slabs. The sheet bar or slab mentioned in section 135 is our raw material, and I am led to make these suggestions by feeling that the committee might be misled by the fact that the word "bars" in the iron trade is used in two distinct senses. The merchant "bar" made of steel, the round and the finished steel product which corresponds with the bar iron mentioned in section 123, is separate and distinct from the steel bars in which we take an interest, because they are our raw material, and we feel that the sheet bar is an unfortunate name for that form of billet, which is essentially a billet and should not be called a bar, because it is so distinct and separate and different from the finished bar iron or bar steel, that to call both things by the same name may lead to an error in the framing of your bill that would be exceedingly disastrous to the manufacturers of sheet steel and tin plate.

The steel bars which we buy and roll down into the finished sheets would be more properly styled a "billet" than a "bar," but in the trade they are known as "sheet bars," and should not be carried in the same schedule as the finished bar steel. The cost of producing sheet bars of steel is about 30 cents a ton more than the steel billet. The difference in cost and real value is so slight that the billet and the sheet bar should, in our judgment, carry the same tariff duty. We are anxious that no mistake may be made in the adjusting of this duty.

Briefly, I wish to say that I believe that a careful but not a radical reduction may be made without serious injury to all the iron schedules. We are paying high wages, and a radical reduction in the pro-

tection that we have at present under the Dingley bill would make it necessary for us to quit business or to reduce wages.

We think that section 135, in its classification, is open to a very serious criticism. The several kinds of steel therein mentioned are classified according to their value in the market. This, it seems to us, ought to be changed to a specific duty that would remain uniform and not go higher if the price of steel should rapidly rise in our market.

It seems that there is no reason why the duty should also be increased by the mere fact that the market value of the steel itself should go from 1 cent a pound to 1.4 cents a pound. The effort in the Dingley bill manifestly was to charge a higher duty for those products upon which a greater amount of labor had been expended, and this was right. The new bill, we think, should do the same thing, but it seems to us that it might be done in a more scientific way. The bloom, the slab, and the sheet bar are all essentially the same thing and can not differ much in cost of production. It is possible, however, that some influence might raise the price of the sheet bar in our market until it would go to $30 per ton, while at the same time the price of billets would remain as they are at practically $24 per ton. Under the classification that exists now in section No. 135 the tariff on the bars would, by a mere change in the quotations of market value, be advanced $4 per ton at a time when, owing to the scarcity of sheet bars in this country, it would be exceedingly disastrous to the sheet-mill industry, making the increasing rise a barrier against relief through importations from abroad at a time when the tariff ought to be lower and not higher; and in the making of the new rates of duty, if it is thought wise by the committee to change this schedule, it is suggested that the prices of these different articles be ascertained as they exist at present, and that as nearly as possible a specific duty be made and omit the ad valorem classification which is now in this section.

The Youngstown Iron and Steel Roofing Co,
John O. Pew, *Vice-President.*

STEEL MUSIC WIRE.

JULIUS BRECKWOLDT & CO., DOLGEVILLE, N. Y., ASKS A REDUCTION OF DUTY ON THESE ARTICLES.

Dolgeville, N. Y., *December 15, 1908.*

Hon. James S. Sherman,
Washington, D. C.

My Dear Sir: As you are undoubtedly aware, I have been interested in the importation of the Rudolf Giese steel music wire, manufactured at Westig, Germany, for the past ten years.

I do not know what measures will be taken by Congress on the tariff question, but generally speaking it looks as if there would be a revision. The American steel trust has cut a great inroad in the business and are doing their utmost to drive us out of the market. As you will see by the inclosed copy of letter that they are selling spring wire at 22 cents per pound, and it costs us 28 cents to import this wire. You are aware that I am a strong protectionist, out and out, but at the same time I would like to have justice done all around, and

believe that the tariff on cast music wire and spring wire should be reduced. The manufacturers in this country can never produce wire of such high standard as that produced by foreigners, as it requires the best Swedish steel to make it. Our manufacturers are, so to say, imitators, and it will be a great many years to come before they have the results achieved by the foreign manufacturers.

Furthermore, the extent of the piano business, as well as other lines of manufacturing where these wires are used in this country, is so large and there is so much capital invested that it means a great help to them if they can get the right wire at the right price. It would be detrimental to these industries if they were forced to take inferior goods, which would be largely the case should the American Steel Company drive us out of the market. You can judge from the letter which our agent sends us that they are doing everything in their power to cut into the market. Even if they are not entirely successful in so doing, they compel us to cut the price, and if this state of affairs continues they will discourage us.

Knowing that you have our interests at heart, I wish, if there is cause for it, that you would look after this matter for us and see if you can get the duty reduced. At present we are paying 45 per cent, which is altogether too much protection for the combine; 30 per cent would give us a fighting chance to keep them off. Three or four years ago their influence went so far that we had to add market value to our invoices, notwithstanding the proof of the consul agent in Europe that we entered our goods at the true market value.

Any further information required regarding this matter will be gladly furnished. However, the facts above given are the true state of affairs as they exist to-day, and we think you will agree with us that we are entitled to a redress.

Always to your service, I am,

Yours, very truly,

JULIUS BRECKWOLDT.

DAYTON, OHIO, *December 12, 1908.*

Mr. RUDOLF GIESE,

Dolgeville, N. Y.

DEAR SIR: Inclosed please find order No. 2541 from the Davis Sewing Machine Company. Kindly give this your prompt attention.

In reply to your favor of the 7th, have not answered this sooner owing to the fact that I can not get anything definite from Mr. Gorman, the purchasing agent of the Davis Sewing Machine Company. As I advised you before, they have been fooling around with some domestic wire and have sent back some 650 pounds. He told me this morning that of course the mill asked privilege to replace this, and if they replace wire which is satisfactory, which I doubt, they will keep on sending them the business, as their price is 22 cents per pound.

Mr. Gorman stated that in his own mind he had no doubt they would continue to send us the business, as he felt sure they would be unable to send wire that would be satisfactory, but would not guarantee to take out any stock that you might order for them. Under the existing circumstances do not know what to advise.

Very truly, yours,

CARL LOY.

STEEL RAILS.

E. C. FELTON, PRESIDENT OF THE PENNSYLVANIA STEEL COMPANY, PHILADELPHIA, FILES SUPPLEMENTAL BRIEF.

PHILADELPHIA, PA., *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: For the manufacturer whose works are located near the seaboard, the present rate of duty is none too high to give the protection necessary to enable him to make a reasonable profit on his investment and at the same time pay his labor such wages as the present scale of living in this country demands. The competition of foreign rail manufacturers reaches him first; works located in the interior having a natural protection because of the freight which must be paid on foreign rails coming into their market, while he not only has no such protection, but because his market is along the seacoast must pay in freights to reach his points of delivery an amount often equal to or in excess of that paid by the foreign manufacturer to reach the same points.

To illustrate: The works of the Maryland Steel Company are located at Sparrow Point, on the Patapsco River, near Baltimore. Their market is along the Atlantic and Gulf seaboard and on the Pacific coast of the United States. To reach a considerable part of the market, notably Gulf of Mexico points, and more especially the Pacific coast, this company must pay in freights an amount equal to or in excess of that paid by the foreign mills shipping to the same points.

The equipment of Maryland Steel Company's plant is modern, and was designed with special regard to the economical manufacture of steel rails. Its location on the seacoast is favorable to its engaging in the export business, and this it has done to a large extent. At the low prices received for exported rails a book loss has been shown, but it is felt that the business as a whole has been advantageous, since the foreign orders taken have allowed of the steady and regular operation of the mills, and so cheapened the entire output of the plant, besides permitting the fixed charges to be distributed over a larger tonnage.

The following table gives for the ten years 1898 to 1907, inclusive, the average prices received per ton, f. o. b. mill, for rails sold in domestic and foreign markets:

	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.	Average.
Domestic	19.44	22.42	29.78	25.84	27.72	27.92	27.44	27.66	27.93	28.08	27.13
Foreign	17.61	18.64	26.06	22.46	22.17	....	17.98	20.79	23.42	27.52	21.48
Average	18.72	21.04	28.00	25.12	27.46	27.92	22.76	25.96	27.33	28.02	25.89

During the ten years the Maryland Steel Company sold an average of 76.42 per cent of its product in the domestic market and exported 23.58 per cent, the proportion sold abroad varying from nothing to about 50 per cent in different years.

The profit per ton during this same period on this business, after deducting all fixed charges, but without charging off anything for

general depreciation, is as follows: 1898, $1.136; 1899, $1.1999; 1900, $1.643; 1901, $2.011; 1902, $2.880; 1903, $1.644; 1904, $1.745; 1905, $3.718; 1906, $3.280; 1907, $1.664; average, ten years, $2.133.

During these years an average of 52.8 cents per ton was charged off to depreciation, leaving the net profits available for dividends and plant additions and extensions, $1.605 per ton of rails. It is impossible to determine with absolute accuracy the comparative costs of rails made for the foreign and domestic markets, since both are often produced concurrently and the cost items can not be separated. A careful estimate has been made, however, by crediting to the costs of foreign rails all rebates received from imported materials, such as iron ore, pig iron, and spiegeleisen used in their manufacture, but not crediting the incidental advantages coming from steady, regular operation, the spreading of fixed charges over a larger output, etc. This estimate shows that for the above period of ten years the exported rails show a book loss of $1.489 per ton and the domestic rails a profit of $3.138, and after deducting the 52.8 cents charged to general depreciation, a loss of $2.017 and a profit of $2.610 per ton, respectively.

The net cost of rails during this same period, before deducting anything for general depreciation, was as follows: 1898, $19.856; 1899, $19.841; 1900, $26.357; 1901, $23.109; 1902, $24.580; 1903, $26.276; 1904, $21.015; 1905, $22.242; 1906, $24.05; 1907, $26.356.

Much has been said in the public prints about the low costs at which rails could be made in the United States. These statements were true in the period between 1895 and 1900. The low costs have, however, permanently disappeared in the last ten years, as is indicated in the above table, which shows an increase of $6.50 in that time. This increased cost has been brought about by higher wages paid to labor, higher freight rates, and higher costs of raw material. The higher wages paid to labor have been largely offset by improved machinery, but the higher freight rates and higher costs of raw material are, it is believed, permanent elements of cost, which must always be considered in the future.

While the prices of raw materials have fluctuated widely in the past, the present level, or higher, will undoubtedly be maintained in the future, as a result of the withdrawal from the open market of many of the most important sources of supply through their acquisition by owners who reserve them for their own purposes.

The following tables indicate some of the important advances which have taken place during the period under view:

Price of lake ores at lower lake ports, 1898 to 1907, inclusive.

	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.
Bessemer Mesaba	$2.15 to 2.25	$2.25 to 2.40	$4.40 to 4.90	$2.75 to 3.00	$3.00 to 3.25	$4.00	$2.75 to 3.60	$3.50	$4.00	$4.75
Non-Bessemer Mesaba	1.90 to 1.85	1.90 to 2.10	4.00 to 4.25	2.35 to 2.65	2.60 to 2.85	3.20	2.35 to 2.50	3.00	3.50	4.00
Old range Bessemer	2.75 to 2.95	2.80 to 3.25	5.50 to 5.75	4.25 to 4.65	4.25 to 4.65	4.50	3.00 to 3.25	3.75	4.25	5.00
Old range non-Bessemer	1.80 to 2.00	2.00 to 2.15	4.15 to 4.25	2.85 to 3.15	3.00 to 3.25	3.60	2.60 to 2.80	3.20	3.70	4.20

A still better idea of the increased cost of iron ore from the Lakes is given in the following table, which shows the cost of lake ores required to produce a ton of pig iron at Sparrows Point:

	1898.	1899.	1900.	1901.	1902.	1903.	1904.	1905.	1906.	1907.
Bessemer Mesaba..	$5.75	$5.85	$10.68	$7.58	$7.68	$9.66	$7.60	$8.65	$9.50	$11.25
Non-Bessemer Mesaba............	5.35	5.52	9.68	6.82	7.28	8.46	6.90	8.40	9.25	10.70
Old range Bessemer	7.15	7.35	12.08	10.18	10.18	10.76	8.10	9.10	10.30	11,70
Old range non-Bessemer............	5.78	6.05	10.18	8.48	8.88	10.06	7.60	8.70	9.70	11.00

In this same period freight rates on coal and coke have advanced, as follows:

	1898.	1907.	Advance.
Coal per ton, 2,240 pounds............	$1.25	$2.15	$0.90
Coke per ton, 2,000 pounds............	1.10	1.60	.50

To summarize the foregoing. In the ten years considered the average price obtained for rails at Sparrows Point was $25.89 per ton, showing a profit of $2.13 per ton, or after depreciation had been charged off, of $1.60 per ton. The costs had advanced in this period from $19.85 to $26.35 per ton, or $6.50 per ton.

Let us now consider not the profit per ton, but the return on the capital employed, and let us take not the whole period, but the two most profitable years—1905 and 1906.

The total amount employed in those years in plant and property, materials on hand, and working capital was, approximately, $10,500,000. The average profit per year without depreciation was as follows:

	Amount.	Per cent on $10,500,000 capital employed.
Gross profit............	$1,369,602	13.08
Less interest on bonded indebtedness............	182,137	1.74
Net income............	1,187,465	11.34

From the net income a charge for depreciation averaging $652,799 each year was made, leaving a net profit of 5.09 per cent.

As the Maryland Steel Company, whose figures are those given, is a subsidiary company of the Pennsylvania Steel Company, which owns other companies engaged in similar and related lines of business directly concerned with steel manufacture, a diversion of profits legitimately arising from the operations of the Maryland Steel Company might appear to have been made to those other companies and the true state of affairs concealed. The total amount employed in all the companies owned by the Pennsylvania Steel Company (and these companies are all engaged in the line of business connected directly with steel and iron making, such as ore and coal mining, transportation, and the manufacture of many kinds of steel products besides rails) was approximately $50,000,000.

The average aggregate profits of these companies (including the Maryland Steel Company) for 1905 and 1906 were as follows:

	Amount.	Per cent on $50,000,000 capital employed.
Gross profit	$5,420,117	10.79
Less interest on bonded indebtedness	748,313	1.49
Net income	4,671,804	9.30

From the net income a charge for depreciation, averaging $1,572,787 each year, was made, leaving a net profit of 6.2 per cent.

It will be seen from these figures that the percentage of profit made by the Maryland Steel Company (which is a manufacturing company only) is somewhat in excess of that made by the combined companies, and that no misrepresentation has been made, either knowingly or unintentionally, in the figures presented.

To again summarize: On the capital investment in rail manufacture the Maryland Steel Company has earned yearly in the two best years of the last ten years 11.34 per cent. It is submitted that an average profit during the last ten years of $2.13 per ton on rails and a return of 11.34 per cent before charging off any amount for depreciation, during the two most profitable years of that period, on the capital invested is not unreasonable or excessive.

Any reduction in the present duty will bring about a reduction in the price at which rails sell along the seaboard and will reduce or wipe out the existing margin of profit. The present rate is not higher than necessary to prevent the dumping in this country of surplus by foreign manufacturers, and that it has not resulted in exorbitant profits or unreasonable prices to American railroads is shown by the foregoing statements and by available records of prices in the steel-producing countries of Europe. It is therefore asked that no change be made in the existing duty of $7.84 per ton on rails unless a corresponding reduction is made in the duties on the materials which enter into the manufacture of rails, viz, iron ore, pig iron, spiegeleisen, and ferromanganese.

While the figures presented apply only to the operations of the Maryland Steel Company, they are believed to represent substantially those of other American rail manufacturers.

Respectfully submitted.

E. C. Felton,
President Pennsylvania Steel Co.

SURGICAL INSTRUMENTS.

THE LOGAN COUNTY (W. VA.) MEDICAL SOCIETY ASKS FOR LOWER DUTIES ON THEIR TOOLS OF TRADE.

Logan, W. Va., *December 16, 1908.*

Sereno Payne,
Chairman Ways and Means Committee, Washington, D. C.

My Dear Sir: A resolution was passed by our society directing me to call attention of your committee to the tariff on surgical instru-

ments, there being no section specifically providing for the same in the present schedule, and the necessity of every country physician having a complete outfit by reason of hospital facilities in the country, and especially in mining districts. Surgeons are very poorly paid except in cities, where up-to-date hospitals are plentiful and one outfit suffices for each hospital, and it certainly puts the hardship on the country surgeon. We are certainly meritorious of cheaper instruments, and direct your attention and ask a separate schedule for same, with a revenue basis only.

Very respectfully,

J. E. McDONALD,
Secretary Logan County Medical Society.

TEXTILE MACHINERY.

SUPPLEMENTAL BRIEF OF ROBERT F. HERRICK, BOSTON, MASS., IN ADVOCACY OF PRESENT DUTIES.

BOSTON, MASS., *December 18, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: I have already presented to the committee a brief on the subject of textile machinery, which comes under Schedule C, paragraph 193, of the Dingley tariff. There are two matters with reference to this same subject, textile machinery, which I desire to take up with the committee in this supplemental brief—first, the difference in cost between English and American textile mills and the extent to which this is influenced by the duty on textile machinery, and, secondly, the separate classification of textile machinery under the new tariff bill.

In the testimony before the committee with reference to Schedule I of the Dingley tariff, cotton manufactures, the following statements were made:

Mr. Samuel Ross, of New Bedford, stated (first print, No. 23, p. 3078) that our mills cost three or four times as much as the English mills, and that quite a little of this difference in cost is due to the tariff on textile machinery. Mr. D. E. Tompkins, of Charlotte, N. C., made the following statement (first print, No. 23, p. 3094): "They talk about a mill in England being worth $5 a spindle to build it new. In this country $20 a spindle is a rough way of speaking of the cost of the mill."

American mills undoubtedly cost more to construct than English mills. Accurate figuring, however, will show that the English cost of mills similar to the American mills is far in excess of Mr. Tompkins's estimate of $5 per spindle. There are two radical differences between the construction of cotton mills in England and in this country. In the first place, the English mills are generally either spinning mills or weaving mills, while in this country the mills are generally both spinning and weaving mills. Further, the English mills generally use mule spindles, which produce per spindle about two-thirds as much as the frame spindles commonly used in this country.

The figure which Mr. Tompkins gives of $20 per spindle as the American cost is that commonly used as the cost of the combined spinning and weaving mill equipped with frame spindles and with enough looms to weave the yarn spun by the spindles. The English figure which he uses of $5 per spindle may be a fair figure for the cost of an English spinning mill equipped with mule spindles. To make a fair comparison with the American cost it is necessary to add to this the cost of the English weaving plant and also to allow for the difference between frame and mule spindles.

In considering the effect of the present 45 per cent duty on textile machinery on the cost of American cotton mills there are other considerations to be borne in mind. In the first place the textile machinery constitutes only a part of the cost of the mill. The machinery in an American cotton mill which combines spinning and weaving costs approximately $8 a spindle, or about 40 per cent of the total cost of the mill.

It is absurd to contend that the removal of the duty entirely would mean the sale of English machinery here at 45 per cent less than present figures. There are but few successful manufacturers of textile machinery in England. It would be convenient and natural for them to combine and maintain prices here at a figure just low enough to prevent competition by American manufacturers but considerably higher than the English price.

You will note by reference to my previous brief that the English manufacturers can to-day compete with the American manufacturer even with the present duty. It is evident that with the duty removed, or even reduced, and the American manufacturers out of business, the English manufacturer would not lower his price very greatly from the present figure. Our best figuring is that the actual result of the removal of all protection to textile machinery would be a reduction in the price of English machinery here to a price perhaps 10 per cent lower than the present price for which American machinery is being sold. This would mean a reduction in the cost of cotton mills of perhaps 80 cents a spindle, or 4 per cent on the total cost of the mill.

The result of the removal of the tariff on textile machinery, or such a reduction as to destroy the business of the American manufacturers, would probably mean that such of the American manufacturers as have an established business, and particularly such of the manufacturers as have valuable patents, would transfer their business to England and establish factories in that country or go out of business altogether. It is very probable, however, that most of the manufacturers rather than go out of business altogether would establish factories in England. That this is the natural course is proved by the fact that many American manufacturers in other lines maintain at the present time factories in Canada for the manufacture of goods for the Canadian trade in order to avoid the tariff against imports into Canada from the United States. Similarly, a number of English manufacturers in other lines have factories in the United States to avoid the American duty.

To move the shops to England would be the ready and natural way of avoiding the difference in labor costs between this country and England in case the duty on textile machinery should be removed.

Textile machinery under the present tariff is included in paragraph 193 under Schedule C, the paragraph covering all unclassified manufactures of iron, steel, and various other metals. I ask, that if any reduction is to be made in the rate of 45 per cent generally applicable to this paragraph, textile machinery be given a separate classification with the present rate. Its manufacture has nothing in common with most of the other articles included in the paragraph, and it is important enough to justify separate consideration. Many of the articles covered by the paragraph are manufactured in this country under entirely different conditions than those governing textile machinery, and some of them may be sold abroad by American manufacturers in competition with the European manufacturers. As appears by my previous brief, this is not true of textile machinery, which can not compete abroad and can barely hold its own in this country. In determining the proper rate of duty to be maintained upon imports of textile machinery, I would ask that careful consideration be given to its own peculiar conditions apart from any question affecting the other articles covered by paragraph 193.

Respectfully submitted.

ROBERT F. HERRICK.

(Representing Lowell machine shop and other manufacturers.)

WIRE.

WICKWIRE BROTHERS, CORTLAND, N. Y., URGE RETENTION OF PRESENT DUTIES ON THEIR PRODUCTS.

CORTLAND, N. Y., *December 18, 1908.*

Hon. SERENO E. PAYNE,

Chairman Ways and Means Committee,

Washington, D. C.

DEAR SIR: Wickwire Bros. (Incorporated), located at Cortland, N. Y., are manufacturers of steel wire and woven-wire goods, carrying their product to such an advanced state of manufacture that labor becomes the important factor. For this reason, we believe that, with the very high wages paid wire workers in the United States, the proviso in paragraph 137, fixing an ad valorem rate of 40 per cent should not be disturbed, except that the 4-cent valuation should be made 5 cents. As the act now stands, the effect is in some cases to place a lower duty on a more highly manufactured article; as an instance, the present rate on wire valued at 4 cents or over at 40 per cent ad valorem is 1.6 cents per pound, while practically the same wire (No. 16 or smaller) valued at 3¾ cents would pay a duty of 2 cents per pound.

We produce a very large quantity of fine galvanized and tinned wire, and for this the extra duty of two-tenths cent per pound is very inadequate, and we believe that the extra duty on "iron and steel wire coated with zinc, tin, or any other metal" could be advanced without injustice.

We notice that another manufacturer in a communication to your committee proposes a reduction of one-fourth cent per pound in the

specific rates on wire. We trust this will not be exceeded and believe it to be more than a substantial recognition of the demand for tariff revision.

Respectfully submitted.

WICKWIRE BROTHERS,
T. H. WICKWIRE, *Treasurer.*

WIRE HAIRPINS.

THE STAR PIN COMPANY, WATERBURY, CONN., ASKS A SPECIFIC ENUMERATION OF THESE ARTICLES.

WATERBURY, CONN., *December 17, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Star Pin Company, of Derby, Conn., has instructed me to request your committee, in its proposed revision of the tariff, to withdraw wire hairpins from the schedule in which they are now placed and cause them to be placed in a particular and separate schedule by themselves, with a specific duty of 2 or 3 cents per pound, in addition to the 35 per cent ad valorem duty now existing. Hairpins are now included, under the tariff act of 1897, in schedule 188, reading as follows:

Pins with solid heads, without ornamentation, including hair, safety, hat, bonnet, and shawl pins; any of the foregoing composed wholly of brass, copper, iron, steel, or other base metal, not plated, and any commonly known as jewelry, thirty-five per centum ad valorem.

Government statistics do not state specifically the amount or value of hairpins now imported into the United States, as they are included in the general head of pins, but I am informed most positively by the officials of this company that the larger portion of these goods in this country is supplied by foreign manufacturers, chiefly German, and that no hairpins such as are manufactured by this company are exported.

The chief reason for this desired action is, as is the case with so many other articles, the cheap labor in the foreign countries as contrasted with the price paid for labor in this country, and I would state that this company has been in the business of manufacturing wire hairpins for many years, has machinery, and everything fitted for it, and has kept at this particular line in the hope that some day there would be better protection than that afforded by the present ad valorem duty, for with this duty the German manufacturers can import wire hairpins and land them here, duty paid, for practically 3¾ cents per package, while the cost of production to this company is, with the present prices paid for labor, a fraction over 5 cents per package. A package is composed of 16 small papers, each containing three-quarters of an ounce, 16 of these being tied together in a package, making the weight of the package 12 ounces, there being from 225 to 275 separate pins contained in this package. These also have to be wrapped with hand labor. The only reason now for any ability to compete with the German manufacturers is the better finish of the goods and the superior style in which they are put up.

Withdrawing these goods from the schedule of pins and placing them in a separate schedule, with the present ad valorem duty and an addition of 2 cents per pound specific duty, would enable the manufacturers here to compete with the German manufacturers and would necessarily result with the increased production in a decrease of their cost, owing to the fact that the large percentage of overhead charges, etc., would not increase with the production. The advantage then, it is believed, would be shared by the laborer, the manufacturer, and the consumer.

Respectfully submitted.

THE STAR PIN COMPANY.

ZINC ORE.

AXEL O. IHLSENG, JOPLIN, MO., FILES SUPPLEMENTAL BRIEF IN ADVOCACY OF DUTY ON ZINC ORE.

JOPLIN, MO., *December 17, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: At the time of the recent hearings on the question of placing a duty on zinc ores, before your committee on November 25, I was requested to be at hand after the interests opposed to the levying of this duty were heard, so that such questions might be asked by you as would fully explain any conflicting statements that might have been brought out by those interests opposed to the placing of a duty on zinc ore, and to bring out such additional information as might be of service to the committee in considering the necessity of a duty to protect this industry.

The Cockerill Zinc Company, in the brief submitted by its president, Mr. Cockerill, states that all the zinc smelters in the United States are opposed to the levying of a duty on zinc ores. Presuming this statement to be true, in replying to Mr. Cockerill's statements I must consider that I am replying to the entire zinc-smelting industry.

The committee will bear in mind that every product made from zinc ore by the zinc smelters has been protected by a duty under the present tariff act and the smelters now enjoying the benefits of protection are desirous of increasing their profits by buying their zinc ore in a low-priced foreign market. That is the keynote of their opposition.

While it may be true that all the smelters would be very well satisfied to be able to buy zinc ores from foreign sources at low prices and thus bear down the price of zinc ores in the United States, I do not believe that any of the zinc smelting interests producing zinc oxide or zinc sheets, which are protected under our present tariff, would be willing to commit themselves by indorsing unqualifiedly the statement made by Mr. Cockerill, that free ores are essential to the success of their manufacturing plants.

The zinc smelting industry in the United States has grown to very great proportions in the last six years, not alone due to the demand for spelter, but primarily due to the fact that there was an

enormous profit in the zinc-smelting business. The smelters have enjoyed the benefits of a protective tariff in which they have not proposed that the miners of zinc ore should share, nor do they propose to permit the mining interests to participate to an equal or any degree in the benefits to be derived from a protective duty which they enjoy, if Mr. Cockerill's statements are true.

The contention is that zinc ore is raw material, and therefore should be admitted free to enable a few laborers to be employed in the smelting business and the smelter make enormous profits.

For a time in 1905–1907 the margin in the cost of producing spelter was $20. A legitimate price for smelting under fair conditions is $13 per ton of ore. This shows an extraordinary profit of $7, in addition to the normal profits of the smelting industry.

With these large profits in prospect, general business activity great, and every indication of a continuance of the prosperous times, there was a great increase in the zinc-smelting capacity in the United States. In 1905 the total smelting capacity in the United States was 63,290 retorts. In 1906 this had increased to 67,750 retorts by additions made as follows: Caney Zinc Company, 300 retorts, at Caney, Kans.; Cockerill Zinc Company, 3 blocks of 670 retorts, at Pittsburg, Kans.; Matthieson & Hegeler Zinc Company, 300 retorts; Illinois Zinc Company, 40 retorts; United States Zinc and Chemical Company, 2 furnaces, 480 retorts; Sandoval Zinc Company, 2 furnaces; and New Jersey Zinc Company, 6 furnaces, 1,200 retorts.

In 1907, with the increased profits apparent in the zinc-smelting business, the capacity of the zinc smelters was further increased by 19,748 retorts, as follows: Mineral Paint Zinc Company, Depue, Ill., 4,800 retorts; Hegeler Brothers Zinc Company, Danville, Ill., 1,700 retorts; United States Zinc and Chemical Company, Springfield, Ill., 640 retorts; American Zinc Lead Smelting Company, Deering, Kans., 3,840 retorts; Bartlesville Zinc Company, Bartlesville, Okla., 3,456 retorts; Lanyon Starr Zinc Company, Bartlesville, Okla., 2,880 retorts; National Zinc Company, Bartlesville, Okla., 2,432 retorts.

It will thus be seen that the zinc-smelting capacity in the United States increased in 1906 about 7 per cent over 1905, and a further increase of the enormous amount of 31 per cent during the year 1907, and it is for the profit of this enormous increase in the smelting capacity that it is asked that the mining industry suffer the competition of free ore and an industry built up by patience and energy should be destroyed to satisfy the greed for higher profits to the zinc smelter.

Mr. Cockerill states his company has six smelting works. That is true, but of these three old rehabilitated coal-fired works, abandoned for some time and reequipped when the profits of smelting became so great that any sort of a zinc-smelting plant would pay a handsome profit. During the years 1905–1907 these coal-fired plants were put in operation at a time of a wide margin of profit between zinc ore and metal. In times when competition is keen and the margin small these works could not compete with the better-equipped and up-to-date gas-fired plants. It is such works as these that Mr. Cockerill wants to operate at the expense of a mining industry that has already felt at his hands the force of absolute control. In 1906 Mr. Cockerill formed the Cherokee-Lanyon Zinc Company, a consolidation of practically all the zinc-smelting plants of the Kansas-Missouri district, composed as follows: The Cherokee Smelting and

Refining Company, at Cherokee, Kans.; Robt. Lanyon & Co., at Pittsburg, Kans., and Nevada, Mo.; Pittsburg and St. Louis Company, at Pittsburg, Kans.; Scammon Zinc Company, at Scammon, Kans.; Cherokee Zinc Company, at Pittsburg and Weir City, Kans. Leased also: Girard Zinc Company, at Girard, Kans.; Kansas Zinc Manufacturing and Smelting Company, at Girard, Kans.; Rich Hill Manufacturing and Smelting Company, at Rich Hill, Mo. The effect of this consolidation on the district was shown by an absolute control of the ore market.

The only other local purchasers of any note for zinc ore were the sheet-zinc smelters, who were always able to secure their quota of ore, due to their product being turned into sheets and saving their by-product, which enabled them to pay just enough more than the consolidated concern for choice ore to secure their needed supply.

It was during this period that I bought zinc ore in the open market as a competitor, realizing that a lowering of the price meant an absolute shut down of my own and other mines. I found a market for zinc ore in Europe, which had the effect of advancing the selling price of zinc ore in this market materially, and, what was of far greater importance, effectually prevented a lowering of prices. This competition was the only real wholesome competition the district has seen. Its beneficial effects were clearly seen at the end of 1898 and the early part of 1899, when prices advanced from $27 to $55 per ton, and remaining high until the possibility of European shipments was eliminated. To show the control had by the smelters of the situation at the end of 1898, Mr. Lanyon said on December 23 that the price for ore (which had declined from $40 to $27) was now satisfactory to the smelters, and that there was no opportunity for shipment abroad, so that competition was not possible. It illustrates how thoroughly in control the combination was of the market, and also how ignorant of European conditions, for within one week shipments were commenced to Europe by me. The market immediately advanced by leaps and bounds, until in March zinc ore sold at $55 per ton, just double in value, in three months.

As explained on the witness stand on November 25, it is evident that the tariff of 1897 was intended to cover zinc ores, since they were not specifically mentioned, except as under calamine, paragraph 514, under the belief that the duty on metal acted as the necessary protection.

The chief ore of zinc in the United States is blend or sulphide of zinc, which has no reference in this tariff act. Taking into consideration the usual practice of mining and smelting of other metals, it was undoubtedly presumed by the committee that by placing a tariff on metal and its manufactured products that this protection would extend to all parts of the industry up to and including the production of the manufactured product. By placing a duty in this manner such a distribution would naturally result that the labor involved in the various stages from the ore in place in the ground to the resultant manufactured product would be protected against any competition by foreign labor. The duty placed on these manufactured products was undoubtedly placed thereon so that the smelters could be able to run at a profit, and the smelters and producers of the ore alike would have sufficient protection to equalize the difference between foreign and American costs of production.

With our enormous supplies of fuel, our natural gas, and many other natural conditions which exist in this country, the zinc smelters in the United States are able to produce metal for practically the same cost as the European smelters. The greater efficiency of our labor and the low cost of fuel more than compensate for the low labor cost and the excessively high prices for fuel abroad. I cite again in this connection my figures included in a pervious report as to the labor cost involved in producing a ton of zinc ore in the Joplin district, and also the labor cost from this ore to the manufactured product.

TABLE A.

Comparative cost of production per ton.

In mines producing oxidized ore:	
In Mexico—	
Labor	$1.50
Incidentals	1.00
	2.50
In United States—	
Labor	6.00
Incidentals	5.00
	11.00
In mines producing blends:	
In Mexico—	
Labor	3.50
Milling and incidentals	2.50
	6.00
In United States—	
Labor	17.50
General expense	15.50
	33.00

In the Joplin district the cost of producing a ton of concentrates from 3½ per cent ore, with due allowance for amortization, royalty, etc., is as follows:

Mining and general expenses	$33
Amortization, etc., 25 cents per ton rock	10
Total cost	43

TABLE B.

Proportionate labor costs producing ore and metal.

Zinc oxide smelters:	
Cost producing ton oxide	$8
Cost in producing 3 tons of oxidized ore to produce ton of oxide in Wisconsin district	18
Total involved in producing 1 ton oxide	26
Spelter:	
Cost maximum on 1 ton spelter	12
Cost produce Joplin ore to make 1 ton spelter, 1 ton ore producing 1,050 pounds spelter	34
	46

Sheet zinc:

Cost producing 1 ton sheets	$20
Cost produce Joplin ore to make 1 ton sheet zinc	34
	54

You will note that the great labor cost is in the production of the ore itself. The labor cost of producing ore sufficient to make a ton of metal is about $34, and in addition thereto there is a cost for general expense, supplies, fuel, etc., of $30, making a total cost of $64 for the ore to produce a ton of metal. As against this expenditure you will note that in the production of spelter the total cost is about $24 per ton from blends.

The smelting interests, as represented by Mr. Cockerill, are continually quoting from Mr. William R. Ingalls and similar editorial writings from various sources in the trade journals in which the metal industries are advertisers and large supporters, and in which the mining interests have no part whatever, except as news items. I quote from an editorial in the Engineering and Mining Journal of January 6, 1906, which is made a part of the brief Mr. Cockerill filed with you, as follows: "Indeed if it had not been for the prominence which the zinc ore of Colorado and other Western States has assumed in the market there is no doubt that disaster would have overtaken the American zinc industry." This statement, that disaster would overtake the zinc industry, is a perfect absurdity. The zinc industry is a commercial proposition. It is operated on absolutely safe lines. The ore is purchased at a fixed price. Each smelting plant knows the actual cost of smelting, with due allowance for amortization. The profit depends on the difference between the smelting cost and the price of ore.

TABLE C.

Margin between ton ore and metal produced from 1 ton ore in 1907.

Month.	Spelter.	Ore.	Margin.
January	$67.14	$46.90	$20.24
February	67.77	48.30	19.67
March	68.21	49.75	18.46
April	66.66	49.25	17.41
May	64.17	46.90	17.27
June	63.94	47.00	16.94
July	60.40	46.80	13.60
August	56.62	44.56	12.06
September	51.88	41.00	10.88
October	53.86	41.75	12.11
November	48.71	38.60	10.11
December	41.86	31.50	10.36

In times of great business activity and high prices there are large profits. In times of stress the profits are reduced. According to the best authorities, the actual cost of smelting zinc blends of the Joplin district is from $8.50 to $10 per ton. The present margin for smelting is about $10 per ton of ore.

Mr. Cockerill admits that the cost of zinc smelting in the United States is the same as in Europe and attempts to show by a table that the prices paid for ore in the Joplin district in 1908 by the American smelters were higher than on the basis of the European formula.

He has taken purely arbitrary figures, based on the present high smelting charge in Europe, due to the combination of the smelters and the abundance of ores. No explanation is made as to deductions made by the United States smelters (simply because they can do so) for iron and lead. According to a fair smelting charge that obtains to-day abroad—and comparing the prices paid in Joplin on the dates quoted—the results would be as follows:

TABLE D.

Date.	Price St. Louis spelter per pound.	Sixty per cent ore on European formula.	Joplin base price 60 per cent ore.
1908.	*Cents.*		
July 11	4.2875	$31.60	$35.00
July 25	4.375	32.50	34.00
August 22	4.525	34.00	37.00
September 5	4.575	34.50	37.00
September 26	4.625	35.00	37.50
October 3	4.625	35.00	38.00

These prices are those paid by the Cockerill Zinc Company. From this price must be deducted $1 per unit of iron in excess of 1 per cent and the same for lead. As the vast majority of Joplin ores carry from 1 to 3 per cent of iron and some lead, the deductions made reduce the price of Joplin ore from $1 to $3 below the price quoted.

These deductions are purely arbitrary, as well-constructed smelters abroad make no deduction for ordinary amounts of iron up to 8 per cent, nor do they make deductions for lead up to 3 per cent.

This makes the net price of Joplin zinc ore exactly the same as the European formula. On this formula European smelters make a good profit. It must be apparent therefore that when the Cockerill Zinc Company admits equal cost of smelting here and abroad that the American smelters are making a profit. It disposes of the claim, too, that he or any other American smelter is paying more for zinc ore than the price at which a European smelter makes a profit.

By a close inspection of Table C, which gives the margin for smelting, it is readily seen that in January, 1907, the zinc-smelting industry was enjoying a high profit on smelting zinc ores and had been enjoying this excellent profit for more than a year prior. This high profit was the cause of the great increase in the zinc-smelting capacity of 31 per cent, as noted in the first part of this brief. It shows conclusively, too, that zinc smelting is a commercial proposition which has on the average of many years shown a heavy return.

Mr. Cockerill refers to the advance in ore since 1881. That the smelters in the early nineties did not run for patriotic purposes is evidenced by the statement made to me by the ore buyer for the Lanyons that the smelter at Nevada, Mo., built by the Lanyons cost $50,000 and cleared in profit the first year $55,000. The zinc-smelting industry has not suffered for any length of time due to high prices paid for zinc ore.

It must be evident to you that the actual certainties of a business proposition must not be confused with the operation of mining enterprises involving considerable uncertainty. No mines, except such as are owned by the New Jersey Zinc Company, can be relied on for

profitable operation any length of time. The character and grade of the ore bodies change, and may play out altogether. These are the chances that operators must take in producing the ore. With this uncertainty it is absolutely essential that the mining industry be protected and sufficient duty placed on its products to enable it to produce the ore and sell at such price as would compensate for investment as well as pay the rate of wages that is common in the United States. It must therefore be clear to you that the duty which was imposed on all zinc products was intended to cover the difference in the labor cost in opening and developing mines as well as the labor involved in smelting. From the figures given above it is shown that the smelters are not the ones that need the protection. That the duty as levied on the metal must essentially be placed on the ore is shown from the fact that the manufacturers converting this ore into metal and other articles do not require as much protection as the producers of the ore itself. The levying of a duty on zinc ore equal to the duty on the metal itself gives the ore the proper protection from competition from low-priced labor, and in no way does it affect the smelting interests beyond preventing them from destroying our business by going elsewhere to buy their ores cheaply and obtaining for this foreign ore and for their own profit the benefits of protection given under the tariff act to metal.

It was not the intention of the makers of this tariff act of 1897 to place a duty on a product with the intention of enabling foreign low-priced labor to sell their goods at a price fixed by our protective laws.

The smelters in the United States buying ore from Mexico purchase it on the basis of St. Louis quotations for metal, but in fixing this price consider the possibilities of European competition and pay for the ore just sufficient to secure it from this competition. The duty on spelter in the United States enables them in this way to make a wide margin of profit, or, as Mr. Cockerill stated before the engineer society in Joplin last June, "I am buying ore in Mexico because I can buy it cheaper." This attitude of Mr. Cockerill explains fully the position of all these smelters who are ony producing metal and not making by-products or manufactured goods.

Again, these smelting concerns in the United States making oxides of zinc, particularly the New Jersey Zinc Company and its subsidiary plants, are heavy purchasers of very low-grade zinc ore in Mexico; such ore is too low for producing spelter. These low-grade ores are bought on the St. Louis quotations at a low price, and will assay from 25 to 35 per cent zinc. These ores are being brought in practically free of duty, and produce on the average 500 pounds of zinc oxide from each ton, at a cost not exceeding $4.50 for treatment. Oxide of zinc is protected under Schedule A, section 57, at 1 cent per pound.

It is asserted by Mr. Cockerill and other smelting interests that it is impossible for the United States to produce sufficient ore to produce the spelter required. This statement is not borne out by facts, except at such times as the price for all commodities is high on account of the great demand. It is during such times as these that there is great activity in the smelting business, that new works are being built, and the capacity of the smelting business is increased very largely. In times of depression the market becomes stagnant. A general recession in business activity necessarily results in curtail-

ment in the demand for particuar products and a consequent decline in prices. On this curtailment of demand some smelters must shut down. Those not well managed must close first and others must reduce their output.

In 1907 when the general depression swept the country the smelting capacity was far greater than the demand of the spelter market. And, further, the ore supply decreased, owing to the drop in prices. Mine after mine closed down, being unable to meet the low price except at a great loss, until the output became so small that it was necessary for the smelters to advance the price to secure the ore required for their purposes. And now, during this depression the zinc smelters ask that ore be kept on the free list so that they can go to Mexico and obtain their supply at a lower price and greater profit to themselves and force the producers of zinc ore in this district to either close their mines or reduce their wages. One or the other must take place. If the smelters can obtain a free supply of ore from Mexico, it is only a question of a few years when the production of Mexico will be so large that the price paid there will control the market in the United States, and under such conditions we must accept for our ore such proportionate prices as are paid for Mexican ores. We all know as a commercial proposition that the price of a commodity in any market is fixed by the selling price in the cheapest market of large supply.

With such a large supply of ore as is found in Mexico it is evident that this district must meet this competition, which must result in the lowering of wages and a general decrease in product until the industry is practically destroyed.

That this district is fully capable of furnishing its proportionate share of increase year in and year out is borne out by the statistics, and also by the statement of Mr. Ingalls, whom Mr. Cockerill constantly refers to as his authority.

By reference to the Mineral Industry for 1907, on page 903, I quote from Mr. Ingalls as follows: "In spite of the steady decline in spelter and ore during the second half of 1907 and the financial catastrophe of October, the production of ore in the Joplin district and in the Wisconsin field showed considerable increase. What might have happened if it had not been for the setback is manifested by the statistics for the first six months of 1907, which show shipments of 158,000 tons from the Joplin district and 25,000 tons from Wisconsin." On page 899, in the same volume, Mr. Ingalls states that the output of Wisconsin is steadily increasing.

It requires one year at least to put in producing condition a zinc mine in the Joplin district after the prospecting has been done to locate the ore. The good prices for ore in 1905 and 1906 stimulated prospecting, and this resulted in the increased production of the first six months of 1907 to 158,000 tons ore. New mines were becoming producers when the financial catastrophe of October, 1907, spread over the country. This resulted in the closing down of mines and reduction of the output. It arrested prospecting and new mining operations just at the time this district was beginning to show its possibilities of production, and I agree with Mr. Ingalls when he

intimates that with continued prosperity the Joplin district would have made a surprising production.

Another source of ore supply outside of the Joplin and Wisconsin districts lies in the western silver-lead mining regions. Zinc ore occurs mixed with lead ores, and so mixed that it is a detriment. Lead ores carrying zinc when sold to smelters suffer a penalty for the zinc contents. The zinc blend is intimately mixed with the lead, and is difficult of separation without mechanical appliances. A large concentrating plant, such as is required to handle the mixed ores of the silver-lead regions, is expensive. As a general proposition the ores are low in grade, and even with such separation of the zinc from the lead, the lead alone with its silver contents is not sufficient in most cases to pay for the cost of separation.

This separation is not a profitable proposition unless the product of zinc so obtained is salable, and salable at such a price as will pay the high freight rates common to the western mountain regions.

All mining engineers will testify to the fact of the abundance of these mixed ores throughout the entire West. Colorado has become a large producer of these ores, and even the remote regions of Colorado have added their quota to the production of the last few years.

The San Juan region is noted for its large zinc supply, which requires good prices for the mines to operate. Throughout the western regions wages are paid at the rate of three to four dollars per day for miners, a price which it is impossible to pay and compete with Mexican labor.

To show the possibilities of these silver-lead regions the growth of the industry in Leadville is the best example. In 1898, when zinc ore was selling for $27 in the Joplin district, Leadville was a comparatively quiet mining camp and looked upon as an exhausted camp. Six months later, when ore in the Joplin district was selling for $50, Leadville discovered the value of its zinc deposits and took on renewed life. The production has increased steadily. In 1904 Colorado produced 94,000 tons; in 1905, 105,500 tons; in 1906, 114,000 tons; and in 1907 Colorado produced 142,500 tons or ore, and made Leadville a live, active mining city, with a great future before it, on account of the availability of these enormous supplies of zinc ore in the second and third contact.

Such mines as the Silver Ledge in the San Juan region of Colorado, of little value as producers of silver-lead ores alone, are now working at a profit with the demand for zinc ores. It is such camps as these that well illustrate the possibilities of the entire western mining country as a zinc-ore producer.

I beg further to call your attention to a statement made by one of the officials of the New Jersey Zinc Company, that the ore supply of the mine belonging to that company in New Jersey was sufficient to keep up the present production for sixty years.

By reference to the Mineral Industry it will be noted that every State in the West has become more or less zinc producers.

Mr. Cockerill states in his brief that there was a shortage of zinc ore. I beg to refer you to the exports of zinc ore, zinc oxide, and spelter.

TABLE E.—*Exports.*

	Zinc ore.	Zinc oxide.	Spelter.
	Tons.	*Tons.*	*Tons.*
1896	2,324	....	10,150
1897	9,251	1,859	14,245
1898	11,782	3,925	10,499
1899	28,311	5,343	6,755
1900	42,062	5,656	22,411
1901	44,146	4,561	3,390
1902	55,733	5,368	3,237
1903	39,411	7,215	1,521
1904	35,911	8,157	10,073
1905	30,946	11,280	5,576
1906	27,720	15,578	4,670
1907	20,352	13,256	563

Taking the exports during the year 1906, which is the year quoted in which Mr. Cockerill states that 89,000 tons of ore were imported from Mexico and elsewhere, we find from Table E the exports were as follows, showing the exports equal to the imports of ore in 1906:

	Tons.
Zinc ore	27,720
Zinc oxide, 15,578 tons, equivalent to Mexican ore	44,500
Spelter, 4,670 tons, equivalent to Mexican ore	15,500
Total	87,720

This completely and absolutely refutes his statement that there would have been a shortage of metal in 1906 unless the zinc smelters had obtained their Mexican supply, and proves conclusively that under active conditions the mines in the United States were able to supply in that year all the ore necessary for American consumption of oxide and metal.

I therefore call your attention to the fact that there was no apparent shortage of ore, and, further, that the increased output from the Joplin district, Wisconsin, and Colorado was giving every practical proof that the mines were rising to the demands of the American metal market.

As to the absolute necessity of a duty on zinc ore, so that the mining industries of the United States should be properly protected from importations, I beg to again refer to Mr. Cockerill's favorite author, Mr. W. R. Ingalls, to refute Mr. Cockerill's own statement. On page 916, Mineral Industry, 1907, after a discussion of the vast supplies of ore which have come to the front in Australia, Japan, and other places, he states:

> The plethora of raw material in Mexico, Australia, and other sources has an important effect upon the world's market for spelter, for it has cut off all hope that the United States will become any exporter of spelter; on the contrary, it is to be feared that more frequently than usual the price of spelter in the United States will have to be reduced in order to prevent importations, in spite of the protective tariff of 1½ cents per pound.

You will note that it is feared that spelter must come down to prevent importations; and if there is no duty on ore the zinc industry will be menaced by both free ore and importations of metal, a condition which would paralyze the industry of this section and destroy the entire zinc-mining industry of the Western States. How this supply of free ore would affect the smelters is evidenced by the new convention of German smelters recently organized to regulate the

price of metal in Europe. According to the terms of this convention, the product of German spelter is to be sold through the three great metal houses of Germany, viz., the Metalgesellschaft, of Frankfort; Beer, Sondheimer & Co.; and Aron Hirsh & Son. It is expected that this convention will extend to other zinc-producing countries of Europe. I beg to call your attention to the fact that all three of these firms are interested in the zinc-smelting industries of the United States. Beer, Sondheimer & Co. are interested in zinc-smelting plant at Bartlesville, Okla.; the Metalgesellschaft Company are interested with the American Metal Company; and Aron Hirsh & Son have interests in the zinc smelting of the United States through their agents here.

This abundance of the world's supply of ore referred to permits combination or an agreement of the smelters to regulate price and make a high charge for treatment. This has taken place in Europe, and would be repeated here if zinc ore was permitted free entry into the United States.

The contention of those opposed to the levy of a duty on zinc ores fall, since the statistics given prove conclusively that the cost of production of zinc ores is so great that it is impossible to compete with foreign ores; further that the evidence given herein shows that the zinc mines of the United States can produce all the ore required by the smelters for the domestic consumption of metal and that the production of ores is increasing with the demand as long as the zinc smelters pay fair prices for the ore.

To conclude, I call the committee's attention to—

(1) The labor cost in producing zinc ores.

(2) The comparative cost of smelting.

(3) The increase in the supplies of zinc ores in the United States to meet the demands of this country.

(4) The abundance of foreign ore supplies.

(5) The possibilities of decline in spelter prices due to these abundant supplies of foreign ore to prevent importations of metal in spite of the duty of 1½ cents per pound on metal.

I ask, therefore, that on all importations of zinc-bearing ores a duty be assessed at the rate of 1½ cents per pound on the zinc contents.

Yours, truly,

AXEL O. IHLSENG,
Mining Engineer and General Manager
Oronogo Circle Mining Company.

MR. A. B. COCKERILL, NEVADA, MO., MAKES CORRECTION IN HIS STATEMENT RELATIVE TO AXEL O. IHLSENG.

NEVADA, MO., *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR SIR: I have a letter from Mr. A. O. Ihlseng taking exceptions to the statement made in my brief intimating that he is the buyer for the Vielle Montaigne Company, of Belgium, and having no desire to misrepresent Mr. Ihlseng in any way, I write to explain

to you and the committee that my reason for making this remark was that at the time this company first commenced buying ore in British Columbia and Mexico Mr. Ihlseng was buying and shipping ore to this company, and continued to do so until the prices we paid were higher than the prices that the Vielle Montaigne Company was able to pay.

Whether Mr. Ihlseng is or is not the buyer of the Vielle Montaigne Company cuts no figure, I presume, in this controversy, but it has not been my intention to misrepresent his position; hence this explanation.

Yours, truly, A. B. COCKERILL.

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES.

SIXTIETH CONGRESS.

FIRST PRINT, No. 42.

WEDNESDAY DECEMBER 23, 1908.

(APPENDIX.)

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

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Yours, truly, A. B. Cockerill.

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COMMITTEE ON WAYS AND MEANS.

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman*.

JOHN DALZELL.
SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.
NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDGAR W. POU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk*.

APPENDIX.

SCHEDULE D.—WOOD, AND MANUFACTURES OF.

RATTAN AND REEDS.

EDWARD BENNÈCHE & BRO., NEW YORK CITY, URGE THAT THERE BE NO INCREASE IN DUTY ON THESE ARTICLES.

NEW YORK, *December 18, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives.

SIR: As we understand, the American Rattan and Reed Manufacturing Company, of Brooklyn, and the Heywood Brothers & Wakefield Company, of Gardner, Mass., are applying to your honorable body for a considerable increase of the duty on reeds cut from rattan, covered by paragraphs 206 and 700 of the present tariff.

Being largely interested in the importation of this article, we beg to protest against any such increase of duty, for the following reasons:

The article in question in its crude state is rattan, which comes from Singapore, the Dutch East Indies, etc. From this rattan, by a simple process and at one cut, the bark is split off, which bark makes the chair cane, nearly all of which is manufactured in this country, but what little comes from Germany pays a duty of 10 per cent ad valorem. This rate of duty, in our opinion, is correct and should not be altered.

The material left after the bark has been stripped off is, in the trade, called "reed," which now pays a duty of 10 per cent ad valorem for sizes up to and including 6½ millimeters (see par. 206), and is free of duty for sizes from 7 millimeters up, as being suitable for whips (see par. 700). Any reed recut into flat, oval, split reed, and the like pays 10 per cent.

We are decidedly of the opinion that the present duty is correct and that no change should be made.

The increase in duty asked for by the above two firms, viz, 5 to 10 cents per pound weight, is simply ridiculous, as it would mean on some of the articles involved a duty of 100 per cent and more; but any increase, however small, would be entirely out of place, as its effect would only be to enrich these two firms, with a few workmen employed for the specific work of cutting rattan, at the expense of the many manufacturers of whips, reed chairs, baby carriages, reed furniture, etc., their millions of capital, and their thousands of workmen

depending for their living upon the importation of this crude or semicrude material at a reasonable rate of duty.

In cutting rattan the yield of chair cane is about two-thirds of the value of the manufactured articles, consequently no factory can afford to cut more rattan than it can sell chair cane. At present the American factories are cutting all the chair cane needed in this country, the importation of German chair cane, owing to its poor quality, being exceedingly light. This practically gives to the American factories a monopoly of the trade in chair cane, or, in other words, of already two-thirds of the value of the manufactured rattan product.

A claim for protection of their industry on part of the two above applicants is entirely out of place, since within the last ten years, and probably a good deal longer, they have met with a wonderful financial success. Within the last four or five years they had, as we are informed, an understanding to hold up the price of chair cane at a figure which must have left them a profit not far from 100 per cent. All this without danger from foreign competition, since chair cane made abroad is an article of inferior quality, which can be used to a very small extent only for American purposes, the demand for same in fact being so light that we do not think it worth our while to handle it.

The effect of a high duty, such as asked for, would simply be this: The American Rattan and Reed Manufacturing Company would go on cutting as much reed as their sale of chair cane would permit, and would thus be able to supply only a small percentage of the reed goods manufacturers with reed, say 10 to 15 per cent, while the Heywood Brothers & Wakefield Company would cut just enough reed for their own manufacturing, and thus 85 to 90 per cent of the present manufacturers of reed goods, with all their invested large capital and their thousands of workmen, would be driven out of the business.

Thus a higher rate of duty would benefit only these two parties to the detriment of the trade in general, while new factories for the cutting of rattan can not be started, because already as much chair cane is being cut in this country as can be used. Consequently there will not be sufficient reed to supply the other manufacturers of reed goods, unless same is imported and allowed to come in at the present reasonable rate of duty.

The Heywood Brothers & Wakefield Company are not only cutters of rattan, which means manufacturers of chair cane and reed, but they are principally manufacturers of reed goods such as reed chairs, baby carriages, and reed furniture. Thus of course it would be a great gain for them, by means of an excessive duty, to drive all other manufacturers of reed goods out of the market. We inclose a list of some of the other manufacturers of reed goods in different parts of the country; and if you will take the trouble to inquire of them, you will no doubt find that they find our views correct and that they will urge you to accept them and to decline to increase the present rate of duty even to the smallest extent. As stated above, they are with their business, their capital, and their thousands of workmen dependent upon a supply of reed, which can be brought into this country at a rate of duty not exceeding the present rate.

Respectfully submitted.

EDWARD BENNÈCHE & BRO., *Importers.*

EXHIBIT A.

Manufacturers of reed chairs, baby carriages, and reed furniture.

American Baby Carriage Company, Minneapolis, Minn.
Bay State Chair Company, New Bedford, Mass.
Bishop & Dickinson, Baldwinsville, Mass.
Canada Furniture Manufacturers (Limited), Toronto, Ontario, Canada.
Capital Rattan Company, Indianapolis, Ind.
Carriage and Toy Company, Baltimore, Md.
P. Derby & Co., Gardner, Mass.
J. A. Dickerman, Gardner, Mass.
Durfee Embalming Fluid Company, Grand Rapids, Mich.
John A. Dunn Company, Gardner, Mass.
A. Eggers & Sons, St. Louis, Mo.
Garton Toy Company, Sheboygan, Mich.
Carrett Go Cart Company, Chicago, Ill.
Gendron Wheel Company, Toledo, Ohio.
Germania Basket Company, New York.
Gendron Manufacturing Company, Toronto, Ontario, Canada.
C. H. Hartshorn, Gardner, Mass.
Hechinger Brothers & Co., Baltimore, Md.
Imperial Rattan Company (Limited), Walkerville, Ontario, Canada.
W. L. Jackson, Baltimore, Md.
Jacob Kaiser Manufacturing Company, St. Louis, Mo.
Kelly Brothers, Gardner, Mass.
Kinley Manufacturing Company, Chicago, Ill.
Michigan Buggy Company, Kalamazoo, Mich.
Murphy Chair Company, Detroit, Mich.
National Carriage and Reed Company, Cincinnati, Ohio.
New England Reed Company, Boston, Mass.
Newburgh Reed Company, Newburgh, N. Y.
Omaha Reed and Rattan Manufacturing Company, Omaha, Nebr.
E. F. Pahl & Co., Milwaukee, Wis.
F. Parthier, Chicago, Ill.
Pioneer Manufacturing Company, Detroit, Mich.
Philadelphia Baby Carriage Factory, Philadelphia, Pa.
Rattan Manufacturing Company, New Haven, Conn.
L. B. Ramsdell Company, Gardner, Mass.
Rich Brothers, Baltimore, Md.
St. Louis Rattan Company, St. Louis, Mo.
South Bend Toy Manufacturing Company, South Bend, Ind.
H. N. Thayer & Son, Erie, Pa.
Gero. W. Travers, East Templeton, Mass.
Peter A. Wagner, Philadelphia, Pa.
F. A. Whitney Carriage Company, Leominster, Mass.
W. F. Whitney & Co., South Ashburnham, Mass.

Manufacturers of whips.

American Whip Company, Westfield, Mass.
E. L. Beals & Son, Westfield, Mass.
Cargill, Cleveland & Co., Westfield, Mass.
Davis Whip Company, Tippecanoe City, Ohio.
Horse Whip Company, Springfield, Mass.
Tipp Whip Company, Tippecanoe City, Ohio.
United States Whip Company, Westfield, Mass.
H. M. Van Deusen Whip Company, Westfield, Mass.
Independent Whip Company, Westfield, Mass.
Wells Whip Company, Wellsville, Pa.

LUMBER.

T. B. WALKER SUBMITS, AS SUPPLEMENTAL STATEMENT, PAY ROLL OF RED RIVER LUMBER COMPANY, MINNEAPOLIS, MINN.

WASHINGTON, D. C., *December 16, 1908.*

Hon. S. E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

MY DEAR SIR: The inclosed pay-roll list of wage rates I trust will cover the point you had in mind when you asked me to furnish it. It gives the rates for the year 1895—before the present tariff law was enacted—and the rates from 1899 to 1908, inclusive.

You will see that between 1895 and 1907 common-labor wages rose from $1.30 to $2 per day, or over 53 per cent. All labor advanced over 42 per cent. But the day labor is much the larger percentage of the total wage bill. This pay-roll list covers as nearly as possible what I think you have had in mind. Of course the whole pay roll of a thousand or twelve hundred men could not be sent.

This list, showing the large rise in wages, answers the question of Mr. Clark as to the lumbermen receiving as a present the entire increase in the price of lumber under the tariff.

It can be shown that the profit or net gain in holding timber as a mill supply is not as great as would result from investments in city property or good farm lands. The timber brings in no income until cut and is heavily taxed, and this, added to the interest on the investment, makes the net profit in the long run in favor of city or farm property.

Very truly, yours,

T. B. WALKER.

EXHIBIT A.

Labor pay-roll rates, 1895 to 1908, inclusive, Red River Lumber Company, Minneapolis, Minn.

	May, 1895.	May, 1899.	May, 1900.	May, 1901.	May, 1902.	May, 1903.	May, 1904.	May, 1905.	May, 1906.	May, 1907.	May, 1908.
Common labor	$1.30	$1.50	$1.65	$1.75	$1.75	$1.75	$1.75	$1.75	$1.75	$2.00	$1.75
Engineer	2.30	2.75	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50
Millwright	2.50	2.50	2.50	2.75	3.00	3.00	3.00	2.75	3.00	3.00	2.75
Filers	6.00	6.50	8.00	10.00	10.00	10.00	10.00	10.00	10.50	10.50	10.00
Sawyers	5.00	5.50	5.50	6.00	6.00	6.50	6.00	6.00	7.00	7.00	7.00
Setters	2.25	2.50	2.75	3.00	3.00	3.50	3.00	3.00	3.00	3.00	2.75
Edge men	2.50	2.75	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.75
Trimmers	2.25	2.25	2.25	2.25	2.25	2.50	2.50	2.50	2.50	2.50	2.25
Sort shed grader	1.80	1.85	1.85	2.50	2.50	2.50	3.00	2.50	2.50	2.50	2.25
Sort shed common labor	1.30	1.50	1.65	1.75	1.75	2.00	2.00	2.00	2.00	2.00	1.75
Total	27.20	29.60	31.15	36.00	36.75	37.75	37.25	36.50	38.25	39.00	36.75

HON. E. B. VREELAND, M. C., FILES RESOLUTION OF THE JAMESTOWN (N. Y.) MANUFACTURERS' ASSOCIATION RELATIVE TO FREE LUMBER.

JAMESTOWN, N. Y., *December 7, 1908.*

Hon. E. B. VREELAND, *Salamanca, N. Y.*

DEAR SIR: At our annual meeting held December 1 the following resolution was adopted (introduced by Cyrus E. Jones):

Resolved, That our Congressman, Hon. E. B. Vreeland, be requested to use his influence to remove the present duty on lumber.

Representing, as we do, a large element of furniture manufacturers, we beg to point out that no large fortune has ever been acquired in this line of manufacturing; on the contrary, the profits in this trade are admittedly small. Neither at the present time, nor in the past, have furniture manufacturers attempted by trust or combination methods to fix or regulate prices on furniture products. The forests of this country are being rapidly depleted and the lumber is month by month coming into stronger hands. All of which facts are matters of common knowledge, and we submit that Congress can hardly refuse to give us such lumber as we import free of duty.

Very truly, yours,

THE MANUFACTURERS' ASSOCIATION,
OF JAMESTOWN, N. Y.
R. J. BOOTEY, *Secretary.*

SKILLINGS, WHITNEYS & BARNES LUMBER COMPANY, OGDENSBURG, N. Y., WANTS FREE LUMBER, AND SUGGESTS NEW LUMBER SCHEDULE.

OGDENSBURG, N. Y., *December 11, 1908.*

Hon. S. E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We address you on the subject of duties on lumber.

We (Skillings, Whitneys & Barnes Lumber Company) have been lumber merchants since 1856. During these years we have maintained large distributing yards at Ogdensburg, North Tonawanda, and Burlington. To-day our business is all concentrated at Ogdensburg, where we have invested over $500,000 in yards, planing mills, and box shop.

We pay out yearly in wages over $350,000.

We buy lumber in Michigan and Canada, wherever it is the cheapest, bring it to Ogdensburg, where it is manufactured or dressed in our planing mills for local and export trade; and, besides, we use annually about 15,000,000 feet of lumber in our box shop.

We are merchants, and do not own any timber limits either in Michigan or Canada.

We wish to divide our argument, as it were, on this subject into two sections:

First. Relative to the duty of $2 per thousand feet on rough lumber: We believe this duty should be abolished, because throughout the States we do business in, namely, New York, Pennsylvania, New Jersey, and the New England States, white-pine lumber is almost extinct. To-day it is imperative to buy a large portion of the white-pine lumber in Canada to supply the trade in these States, and because this is the condition, why pay duties of $2 per thousand feet on an article the people must buy in Canada?

The removal of the duties, in my opinion, will be beneficial to the people at large through these States. The only reason for a duty on rough lumber, in our opinion, is to furnish revenue.

Second. Relative to the duty on manufactured lumber: There is to-day an additional duty on lumber when it is planed or manufactured in Canada and brought into the United States. We recommend the following duties on planed or manufactured lumber: When

lumber of any sort is planed or finished, in addition to the rates fixed by the Government on rough lumber, there shall be levied and paid. viz, for each side so planed or finished, 50 cents per thousand feet board measure; if planed on one side and tongued and grooved, $1 per thousand feet board measure; if planed on two sides and tongued and grooved, $1.50 per thousand feet board measure.

If lumber is jointed on one or two edges of a board, the duty shall be assessed the same as if tongued and grooved. (And in estimating board measure under this schedule no deduction shall be made on board measure on account of planing, tonguing, and grooving.)

When lumber is worked into clapboards, novelty sidings, or into moldings, 15 per cent ad valorem.

Pickets, palings, and staves of wood of all kinds, 10 per cent ad valorem.

Casks, barrels, and hogsheads (empty), sugar boxes, shooks, and packing boxes (empty), and packing-box shooks of wood, 30 per cent ad valorem. The foregoing duties are recommended for the following reasons:

First. If this protection is not afforded, the planing mills on the border between the United States and Canada will be badly handicapped and gradually their business will be driven to the lumber sections of Canada, like Ottawa, Midland, Arnprior, etc. Why bring lumber from the lumber centers of Canada into Ogdensburg, Burlington, or Tonawanda, pay labor to have it sorted into grades, then pass it through planing mills here, if the duties on manufactured lumber are abolished and this planing work can be done direct at Ottawa, Midland, etc.?

Second. Removal of the duties on box shooks will, in our opinion, close 50 per cent of the box shops within two years and drive this business entirely into Canada, throwing out of employment thousands of American workmen.

You ask why? If a Canadian manufacturer of lumber is allowed to make box shooks near a sawmill he can use up waste material that will not pay freight. Besides this, he saves the "actual waste" that we and all other box shops make in the manufacture of shooks, say 15 per cent. His labor is cheaper. To-day labor is paid in Canada $1.25 to $1.50 per day, and we pay here $1.90 to $2 per day. If the tariff is once removed the shook business now carried on at Burlington, Rouses Point, Ogdensburg, Oswego, and Tonawanda would be destroyed.

Third. We urge the retention of duties on dressed lumber and on box shooks to protect American labor and to retain in the United States the business that American workmen have built up.

If the present duties are reduced in any way the trade advantage will go to the Canadian. Already there has been built in Ottawa, by W. C. Edwards & Co., the largest and best-equipped planing mill in the world at a cost of over $500,000. If this large concern is once given a free entrance into the United States with planed lumber, what will prevent it and others from taking trade from us and other American concerns? W. C. Edwards & Co. are not the only people in Canada who will erect planing mills if the duties on manufactured lumber are reduced in any way. In our opinion planing mills and box shops will grow like mushrooms in the night, and this business, which for fifty-

three years has been maintained here, giving employment to hundreds of men, will be seriously handicapped.

If that condition occurs, we will have to face this dilemma:

First, either reduce our business to much smaller proportions, or, second, remove one of our large planing mills immediately to one of the lumber centers of Canada, so we can compete successfully with our Canadian competitors.

In conclusion, we urge your honorable body to maintain duties on planed lumber in the interest of American industries and American workmen.

I remain, dear sir, yours, respectfully,

THOMAS F. STRONG,
General Manager.

WASHINGTON, D. C., *December 15, 1908.*

Hon. S. E. PAYNE,
Chairman Committee on Ways and Means.

MY DEAR MR. PAYNE: I beg to inclose for such consideration as may be proper letter from Mr. H. L. White, North Tonawanda, N. Y., giving his reasons for opposing reduction of the duty on rough and dressed lumber.

Cordially, yours, D. S. ALEXANDER.

NORTH TONAWANDA, *December 14, 1908.*

Hon. D. S. ALEXANDER,
House of Representatives, Washington, D. C.

DEAR SIR: If not too late and your opinions are in line with those expressed in this letter regarding the import duty on lumber from Canada, we should be pleased to have you use your influence in our behalf in accordance with our ideas as here expressed:

We are sure to reduce the duty on what is classed as "dressed lumber" coming from Canada to the United States would be a calamity to all box factories, planing mills, and other woodworking establishments in the United States, and especially so along the border and territory adjacent thereto, covering a very large part of the manufacturing territory of the United States, as it would take these manufacturing institutions to the source of supply of raw material and necessitate proprietors of woodworking plants to remove their factories from this country to Canada, thereby taking American capital into Canada and the work away from American labor; the reason for this being that it would be impossible for proprietors of woodworking institutions in this country to bring the raw material (which would be in the shape of rough lumber sawn from logs) into this country, manufacture it here, and compete with plants which are already and would be established in Canada, on account of plants located in Canada being able to ship cheaper the finished product from point of manufacture than could be done by bringing the raw material to this country, manufacturing it here, and reshipping.

Through freight rates from Canada are a good deal lower than the combination of two freight rates—one from Canada to this country and one from point of manufacture in this country to point of

sale—but I think more important even than this is the fact that the large owners of timber in Canada are trying to reach the American market for the finished product direct, which would cut out the possibility of middlemen in this country, owners of lumber yards, planing mills, furniture factories, and all woodworking institutions of that kind buying the raw material from Canadian manufacturers, bringing it here and manufacturing it on this side, and would take away from that branch of labor their work and wages, and take American capital to Canada.

As to the duty on rough lumber, we think it is immaterial to users of lumber in this country whether or not the duty is left on or taken off. We think it would be a question between the Canadian manufacturer of lumber and the United States Government; it is simply a question of who gets the amount of the duty. If it is taken off or reduced, the Canadian manufacturer will at once advance his prices to that extent; if it is kept on, the United States Government will get the amount of the duty; but in either event the users of lumber in this country will not in any way be affected. It would, of course, be a big benefit to holders of Canadian timber to have the duty on rough lumber removed, as it would at once increase the value of their holdings to that extent.

Yours, very truly, White, Frost & White,
By H. L. White.

PEELED WILLOWS AND WILLOW BASKETS.

CHESTER G. BLAINE, LYONS, N. Y., THINKS DUTIES SHOULD BE DOUBLED ON GREEN WILLOWS AND WILLOW BASKETS.

Lyons, N. Y., *December 13, 1908.*

Hon. Sereno E. Payne, M. C.,
Washington, D. C.

Dear Sir: As one of your constituents who is pecuniarily interested in the willow and basket industry of this country, I ask you to do what you can for us in the coming revision of the tariff. The import duty on peeled willows now is 25 per cent ad valorem. On willow baskets it is 40 per cent. The peeled willow is not strictly raw material. It is a manufacture worth five to six times what the true raw material—green, unpeeled willows—is worth. These manufactured articles—peeled willows and baskets—should both have a higher tariff on them. More than that, present conditions should be changed. By some arrangement, legitimate or otherwise, the exporter, who is really the importer's agent often, or even the importer himself, has power to fix his own valuation. This valuation is nominal and in effect lets them in about free. That is as we understand it.

No machinery is used either in the production of willows or the manufacture of baskets. We are therefore competing with foreign labor at about 25 cents a day. Hardly in the whole list of American industries will you find so aggravated an instance. Foreign goods are flooding the American markets and are sold at the very doors of our little shops. We can raise just as good willows as any country in the world, but we never can get strongly established in the culture

of the basket willow and the basket industry under present conditions. Two-thirds of the willows and baskets used in this country are imported. We have only one-third of our home market. Yet it can not be said that our goods are inferior. In fact, they are better. Two thousand to twenty-five hundred tons of willows are raised yearly in this country on an area of, say, 7,000 acres, about 10 square miles. Surely this is an infant industry if there are any. Yet we have millions of acres of low waste land well adapted for willow growing.

The Government is making extensive experiments in our behalf. With that and a favorable tariff we can hope to make it a great industry.

Under existing conditions we are compelled to pay from $7 to $10 per ton to get our willows cut, and it costs about another dollar to get them loaded on the cars for shipment. The grower the past year has been paid $16 per ton for the green willows. From 2 to 4 tons may be grown on an acre, and after paying expense of cultivation during the summer season there is scarcely a dollar per ton left for the grower.

If the tariff were doubled on green willows and all manufactured baskets, then there would be a demand for homemade baskets and the wholesaler would get better prices. If the wholesaler got better prices, then he could pay better prices to the basket maker for his goods. If the basket maker got better prices for his goods and his labor, then he could pay better prices for the green material and peeled willows. Thus you can readily see who will be benefited by increasing the present tariff on both green and raw materials and on the manufactured article. As a grower (having over 40 acres now producing salable willows) I am particularly interested in seeing the tariff raised to a point where we can be protected and where we can realize something from the crops over and above the actual expense of production. The Government has had men here to see us the past year, who have made many valuable suggestions in relation to the industry, but unless we can get protection it can never rise to a point where it can command the attention of any very great number of people.

Your interest and aid in the matter is most earnestly solicited.

Very truly, yours,

CHESTER G. BLAINE.

PATTERNS.

JAMES L. GERNON, REPRESENTING THE PATTERN MAKERS' LEAGUE, FILES SUPPLEMENTAL BRIEF.

NEW YORK, *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Notwithstanding the fact that the membership of the Pattern Makers' League appreciate the intention of the Committee on Ways and Means to amend section 616 of the free list relative to patterns, which change is necessary in view of the decision of the United States circuit court of the southern district of New York and the

United States circuit court of appeals permitting free entry of patterns, as the authorized representative of the Pattern Makers' League of North America I respectfully petition your honorable committee and Congress to impose a duty on patterns made of wood, metal, and other material sufficient to afford this important industry adequate protection, such as should be given to American manufacturers and workmen.

When the Government imposed a duty of 35 per cent ad valorem on patterns as manufactures of wood, it did so because the patterns imported were made of wood, but with the introduction of modern methods of molding and the very general use of molding machines the business of pattern making has so developed that, while the principal material used in this industry is wood, metal and other substances, such as plaster, wax, etc., are used to a very large extent, and the pattern maker of to-day must be able to work in all of the above-mentioned materials. For the above reason it is impracticable to simply allow a duty to be imposed on the products of this important industry as manufactures of whatever material they may be made, such as wood, metal, etc. They can only be appraised as "manufactures of wood" when wood is the material used in their construction.

With the modern development of ocean travel, it is only a matter of a few days to send drawings from this country to Europe, and about the same time to ship the finished products to this country. In other words, it is as easy and as quick to make deliveries from Europe to New York as from Chicago to New York or places of equal distance, to say nothing of the enormous advantage as to the cost of labor, which constitutes practically the entire expense in making patterns.

The average pay of pattern makers for a nine-hour day in this country is a little over $24 per week, as against an average of $8 per week for a ten-hour day in Europe, with the exception of Great Britain, where they work nine and three-quarter hours per day and five and one-half hours on Saturday.

Following is the rate of wages paid in a number of the principal countries of Europe:

	Per week.
France	$10.80–$14.40
Great Britain	6.00– 10.00
Germany (Berlin)	10.50– 13.50
Holland	6.00– 7.50
Hungary	9.00– 12.00
Spain	6.00– 7.00
Sweden	8.00
Switzerland	6.00– 10.00
Russia	6.00

For the reason that it will be impossible to compete with the labor of Europe where the average wage is one-third of what it is in this country, as shown in above list, we trust Congress will give us the protection to which we are entitled, in order that we may maintain the American standard of wages and conditions, and that the pattern makers of this country may obtain a fair amount of employment, which we have not enjoyed in the past, and we hope, with a proper duty imposed, we will be protected and will never again be compelled to assess the men working as pattern makers to support the large

number of pattern makers who are forced through idleness to be dependent upon their fellow-craftsmen. During the past nine months the New York Association of Pattern Makers paid $36,000 to aid the members who were out of work, and during that same period it has cost the national organization over $200,000 to aid the men who were out of work.

Inclosed is a statement of the wages paid pattern makers in the principal countries of Europe.

Trusting that Congress will realize the necessity of affording this industry protection, I remain,

Very sincerely,

JAMES L. GERNON,
General Vice-President
Pattern Makers' League of North America.

EXHIBIT A.

RATE OF WAGES PAID PATTERN MAKERS IN FOREIGN COUNTRIES.

Spain.—Barcelona, Spain, the rate received per week is 6 pesos, or about $1 per day in United States money; they work nine and one-half to ten hours per day.

Sweden.—Highest rate paid pattern makers is from 25 to 30 crowns per week, equivalent to $8 United States money; they work ten hours per day.

Hungary.—Budapest, Hungary, highest rate paid, 45 to 60 kor. or $9 to $12 United States money.

Lowest rate paid, from 25 to 35 kor, or from $5 to $7 United States money; work ten hours per day entire week. Mostly piecework done in this district.

Scotland.—Clyde district, highest rate paid being 8½ pence per hour, or equivalent to 17 cents per hour United States money; work fifty-four hours per week, nine and three-fourths hours per day and five and one-fourth hours on Saturday. Full week's wages, £1 18s. 3d., or $9.21 in United States money.

The average rate in the Clyde district being £1 10s., or $7.20 United States money.

London district pays £2 2s. 9d., or $10.26 United States money, for fifty-four-hour week.

Bonny Bridge, Falkirk, fifty-four hours per week, paid 35 shillings for a full week's wages (a shilling equivalent to 25 cents United States money).

Newcastle, England, fifty-four hours per week, nine and one-half hours per day, five and one-half hours on Saturday, full week's wages being 38 shillings.

France.—Lowest rate of wages paid being 54 francs, or $10.80 United States money, the highest rate being 72 francs, or $14.40 United States money. They work mostly the ten-hour day.

Holland.—Work from ten to twelve hours per day; receive on an average 2½ gulden per day, week's wages varying from 14 to 18 gulden, or from $6 to $7.50 in United States money.

Russia.—St. Petersburg, work nine and one-half and ten hours per day; receive for highest rate 15 rubles, the average pay per week being 12 rubles, or $6.12 United States money.

Germany.—Berlin, highest rate paid pattern makers is from 7 to 9 marks per day, equivalent to $1.75 to $2.25 United States money; wages per week, 42 to 54 marks, or about $10.50 to $13.50 United States money. Working hours per day, ten.

Switzerland.—Highest rate paid pattern makers, 30 to 50 francs per week, equivalent to $6 to $10 United States money; working hours per day, ten.

WHIPS.

AMERICAN WHIP MANUFACTURERS WISH THE RETENTION OF PRESENT DUTIES ON THEIR PRODUCT.

WESTFIELD, MASS., *December 17, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The whip manufacturers of the United States in objection to any change or reduction in the tariff on whips submit the following suggestions in the way of a brief:

First. That they represent the manufacturers of whips in the United States.

Second. That the concerns now interested in the manufacture of whips are separate and distinct and are in no way in agreement or in trust relations.

Third. That the whip-manufacturing industry is in volume about $3,000,000.

Fourth. That the volume of business has not increased materially in the last twenty years.

Fifth. That the small amount of business and the failure of business to increase materially in recent years renders the business unique among the manufacturing industries of the United States.

Sixth. An examination of the causes which have operated to render the business stagnant and of so small volume will disclose conclusively the reasons why the tariff on whips should not be abolished or modified in any way to a reduction of the same.

Seventh. Your petitioners call your attention to the fact that with the coming into general use of the bicycle about twenty years ago, pleasure riding and light driving, in the East particularly, was greatly interfered with, and the use of whips for such driving was very much less and increasingly less on account of the introduction of the bicycle. The whip business at that time and from that cause suffered very seriously, and no sooner had the business approached its normal condition after the introduction of the bicycle when the introduction of the electric street railways again disturbed the business alarmingly. The discontinuance of the use of horses on street cars was universal, as is well known to the committee. The whip-manufacturing industry has never recovered from the loss entailed by the introduction of the electric car and never can, and the constant increase of such railways is a detriment to the whip manufacturer, because the trolley car requires none of that product. The trolley car has supplanted the horse to a great extent for transportation, for pleasure, or profit.

Eighth. During the past five years the whip-manufacturing industry has again been greatly interfered with by the substitution of the automobile for the horse. This substitution which has been going on is constantly and rapidly undermining the business of manufacturing whips. The result of the automobile is seen in the fact that the whip-manufacturing concerns are fewer in number, and the manufacture of high-grade carriage whips is practically a thing of the past. What promises to be the substitution of the taxicab for the horse cab will itself greatly curtail the present whip business.

Ninth. Again, legislation of the country in various States has been of such a character as to render it unprofitable to raise the light harness horse or the track horse.

Tenth. One of the essential and principal ingredients of the whip is reed. The reed used in the manufacture of whips is now duty free. Except for the fact that whip reed is duty free, it would not have been possible for the whip manufacturers to have in any way maintained their position in the market or to have manufactured whips at a profit, even with the present tariff on whips.

ASSOCIATED WHIP MANUFACTURERS,
By HENRY W. ELY, *Attorney*.

SCHEDULE E.—SUGAR, MOLASSES, AND MANUFACTURES OF.

BEET SUGAR.

BRIEF SUBMITTED BY TRUMAN G. PALMER, SECRETARY OF THE AMERICAN BEET SUGAR ASSOCIATION.

WASHINGTON, D. C., *December 21, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN. At the time the recent sugar hearings were under way before this honorable committee I was in Europe, where I had gone for the purpose of looking into the beet-sugar industry of that country. On November 17, the day that Messrs. Atkins, Spreckels, and Stillman appeared before you, I was interviewing Mr. Henry Millington Drake, the Paris member of the sugar brokerage house of J. V. Drake & Co., said to be the largest sugar-brokerage house on the Continent, with headquarters at London, Magdeburg, and Paris.

I will state in this connection that while I had many letters of introduction to European sugar people of local reputation only, my time was limited and I endeavored to spend it with people who had national or international reputations in the sugar world and whose opinions would carry weight with anyone who might be conversant with the sugar industry.

While Messrs. Atkins, Spreckels, and Stillman were telling you that freer sugar from Cuba and the rest of the world to the United States would injure no one, Mr. Drake was telling me quite a different story. The following, taken from the notes I made immediately after the interview terminated, throws considerable light on the prevailing sentiment of European sugar authorities:

Found him thoroughly well posted on world sugar conditions. Says it cost Great Britain £3,000,000 a year by reason of her having brought about the Brussels conference, but it quieted and settled the sugar situation, which was in a nervous condition on account of European bounties on sugar. Says Germany could easily produce a million more tons of sugar per annum, but all European nations and sugar men seem to wish to preserve a normal market. Says that since the Brussels convention the up-to-date cane-sugar people throughout the world have been making money hand over fist.

So anxious was Great Britain to keep things settled, that to renew the convention and get Russia into it, she allowed Russian bounty-paid sugar to come into Great Britain free of countervail. Firmly believes that any great reduction of United States duty on either Cuban or Philippine sugar would result in such a demoralization in the sugar world as has never been seen. In reply to my statement that in apparent good faith some prominent Americans contended that to let in a few hundred thousand tons from the Philippines free of duty would injure no one, he said: "Tell those gentlemen, with my compliments, that they know nothing about it. You have already reached the danger line. You now

import but two or three hundred thousand tons of full-duty-paid sugar. Once cut this off so that you import no full-duty-paid sugar and find your market filled without absorbing quite all the Cuban sugar, thus forcing their surplus onto the world's markets—be it even a few cargoes only—and the markets of the world will go to pieces in a jiffy. A hundred or two hundred thousand tons of Cuban sugar forced upon an already overstocked market, and the world market would slump not less than one-half cent per pound immediately, and probably much more. People who have not studied the question carefully have no conception of the sensitiveness of the sugar market. You can not compare the sugar situation with that of other food products. Of those we can scarcely produce enough to supply the world—of sugar, we could produce enough in one year to supply the world for many years. Each nation in Europe, for economic agricultural reasons, would like to double its sugar product, but in order not to demoralize the market, each is trying to hold its output in check. It is to be hoped that while Europe is exercising the greatest possible restraint on production, in order to maintain living prices, you in America will not upset everything by further stimulating the output of Cuba or the Philippines.

My attention was also called to the fact that in December, 1907, the world's sugar statisticians began to lower their estimates of the coming crop and by March, 1908, had cut their estimates by some four or five hundred thousand tons, with the result that during that three-months period the Hamburg price of sugar increased more than 40 cents per 100 pounds, and it was pointed out that if such a cutting down of surplus sugar would raise the price 40 cents per hundred, the converse was true, and an increase of similar proportions in the world's sugar production, with a market already oversupplied, would reduce the world price of sugar probably much more than 40 cents per hundred.

Mr. Drake but echoed the sentiments which had been expressed to me by the greatest sugar experts in Germany, Austria-Hungary, France, Belgium, and Holland. I had met with it on all sides—government officials, sugar statisticians, eidtors of sugar papers, raw-sugar manufacturers, sugar refiners, sugar brokers, and officers and chemists of the various sugar associations of Europe—thus including the best-posted sugar men in the world, when it comes to considering world conditions.

The majority of these men have made the sugar industry their life work, as did most of their fathers before them. They were born and bred in a sugar atmosphere. Three-quarters of the beet sugar of the world, and, in fact, nearly one-half of the world's total output of sugar, is produced in Europe, which is the only country that produces beet sugar for export. With a limited world market already oversupplied, a comparatively small variation in the world crop of sugar makes such a difference in the price of this commodity as to mean vast sums of money to the sugar industry of Europe. Europe's home markets are fully safeguarded by protective tariffs, but when the sugar producers reach out to sell their exports in other markets, they are met with the cheap labor competition of the Tropics. They have seen Java, with no tariff concessions whatever, drive European sugars out of China, practically out of India, and partially out of Persia. A 20 per cent reduction by the United States to Cuba has been seen to result in making that island the greatest cane sugar producing center in the world. The sugar men in Europe know the almost untold millions of acres of undeveloped cane lands in both Cuba and the Philippines, and their training teaches them that freer trade relations between either of these islands and the United States means an

almost limitless increase in sugar production, with a consequent lowering of the world price of sugar. At least that is the way they put it to me, and the statements of people so widely separated being in such accord, one could not doubt their sincerity, even if so inclined.

From my notebook I quote concerning one French sugar manufacturer, who evidently knew more about the islands than he did about the actions of our Congress:

> Impossible to believe American Congress would consider lowering duty on Philippine sugar into home country, considering immense possibilities of the Philippines. Really could not believe our public men so unfamiliar with the possibilities of the Philippines, or of political economy, or benefits of beet culture, or so reckless of public opinion, or so daring as to injure so important a home industry. Could not believe any legislator would even introduce such a bill, on account of the ignominy which would thereby cover him. Perfectly amazed and almost speechless when I informed him that a 75 per cent reduction bill had not only been introduced at each Congress during the last six years, but was passed twice by the lower House. Says the enormous indirect economic advantages of the industry are fully appreciated by the public men and political economists of France.

A distinguished English sugar man, who went as a member of the British royal commission to the West Indies to study how their conditions could be improved, told me he looked for no material increase of sugar production in Hawaii, but looked for Porto Rico to go to 500,000 tons. No material increase in Cuba unless we granted them further tariff concessions.

With Philippine sugar on our free list, he would expect a tremendous exploitation there, which would upset our national revenues, as well as the sugar markets of the world.

To illustrate his ideas concerning the loss of revenue feature, he said that some years ago the British Government decided to allow colonial West Indian sugar to come in free of duty. After the ministry had decided on this measure, one of the ministers asked him what such a policy would cost the British revenues. He told him £1,500,000 per annum, at which the minister was thunderstruck, and called him before the ministry. They told him that on the little West Indian sugar coming in, it would make less than £150,000 difference. He told them yes, on present importations, but if given free trade all the British West Indian sugar would come to Great Britain, and that a great sugar exploitation of the islands would be induced. They saw the point and dropped the plan.

Sir Henry Bergne, now retired, was for many decades in the British foreign office, where he was head of the commercial department and examiner of treaties; was His Majesty's plenipotentiary at the copyright conventions at Berne in 1886 and 1896; acted in like capacity in 1886, 1890, and 1898 at the industrial property conventions held at Rome, Madrid, and Brussels; was the British commissioner at the Brussels sugar conference of 1898; and was His Majesty's plenipotentiary for signature at the international sugar convention at Brussels in 1902. He was knighted in 1903. Sir Henry said that he anticipated no great increase in European sugar production, but that the Philippines and Cuba were capable of a tremendous expansion, and would be so expanded if their sugars were allowed to enter the United States free of duty or if granted further tariff concessions by the United States.

Mr. Philippe de Vilmorin, of Vilmorin, Andrieux & Co., the largest sugar-beet-seed producers in France, expressed the same sentiments as did Sir Henry Bergne.

Doctor Ware, an American residing in Paris, has spent a lifetime in the study of sugar. He has what is said to be the most complete sugar library in the world. His spacious and elaborate study on the Rue de la Bienfaissance is lined on all sides, from floor to ceiling, with nothing but sugar literature, even the doors being shelved to correspond with the balance of the room, so that once in and the door closed no exit is visible. He was the United States juror for awards on sugar, teas, and confectionery at the Paris Exposition of 1900. He estimates that from his private fortune he spent $50,000 many years ago in trying to get the beet-sugar industry introduced into the United States. He has written a two-volume standard history of the beet-sugar industry of the world, as well as several technical sugar books and a standard work on sugar-beet seed, and he edits from abroad a technical sugar paper published in Philadelphia. He says that the possibilities of sugar production in both Cuba and the Philippines are simply stupendous, and that either of them can easily ruin the home industry if given the chance. He says that the Europeans fully realize the enormous indirect advantages of producing their sugar from home-grown beets, the importance of the by-products, the making of better farmers, the better crops of all other farming products by reason of rotating them with sugar beets. He says that the Europeans feel that if at home they could produce cane sugar at a cost of 2 cents per pound or beet sugar at a cost of 4 cents per pound they would prefer to produce it from beets at the double cost price of the sugar, on account of the far-reaching value of the indirect advantages, as aside from rum there is no by-product in producing cane sugar and not one indirect advantage. In other words, that home-produced beet sugar at a cost of production of 4 cents per pound is actually cheaper for the nation at large than home-produced cane sugar (if it were possible to produce cane sugar there) at a cost of production of 2 cents per pound.

George S. Dureau, editor and proprietor of the Journal des Fabricants de Sucre, the leading sugar paper of France, is convinced that free sugar from either Cuba or the Philippines would mean the total extinction of our home beet and cane sugar industries. He reiterated to me his statement of December 18, 1901, and reproduced in the hearings of this committee, that sugar could be produced in Cuba at a cost of 1¼ cents per pound, and added that it is now being produced there at that figure or under. On January 22, 1902, when the Cuban reciprocity treaty was under consideration by this honorable committee, this recognized sugar authority was quoted (p. 168 of the hearings) as saying:

If Cuban sugar is to enjoy a reduction in the tariff in the United States, it should not be difficult to picture the enormous impetus the Cuban industry would take on.

A week before this opinion was read to you, Mr. Atkins (who again appeared before you a few days ago in favor of further reducing our duties on Cuban sugar) delivered to you this opinion:

The labor in Cuba is very limited, and I have very strong doubt in my mind whether there is enough in Cuba to cut and take off possibly a crop of 800,000 tons.

Those who have watched the Cuban sugar crop grow from a few hundred thousand to nearly a million and a half tons per annum under the stimulus of our reciprocity treaty with that country can judge as to the weight which should be given to the opinions of these two men.

Dr. Fred Sachs, of Brussels, secretary-general of the Société Générale des Fabricants de Sucre de Belgiques, is the recognized Belgian authority on sugar and one of the greatest sugar authorities in Europe. On account of his vast statistical work in connection with the world sugar production, he has been decorated by his home Government with the "Order of Leopold," and for the same reason he has been decorated by the French Government. Doctor Sachs is also editor of La Sucrerie Belge, the leading sugar journal of Belgium, as well as being secretary-general of the Société Technique et Chimique de Sucrerie de Belgique. He is a chemist and sugar engineer and is interested in several sugar factories in Belgium and elsewhere in Europe. Doctor Sachs is thoroughly conversant with the sugar-producing conditions and possibilities throughout the world and is fearful of the Philippines and Cuba. Quoting from my notes:

Thinks they would flood us with sugar if we let it into our protected market. Would be like paying a big bounty to countries, one of which, without bounty and with most antiquated machinery and methods, has always been able to compete with the world. Foreign as well as American capital would rush in by many, many millions and demoralize the sugar markets of the world. Believes that with free sugar, or further tariff reductions, Philippines or Cuba would swamp our industry.

At Brussels I saw Monsieur Capelle, the Belgian minister of foreign affairs and permanent president of the Brussels convention. I quote from my notes:

Seemed to be well informed as to possibilities of sugar production in the Philippines and Cuba and of the agitation in favor of admitting their sugar to our markets under modified duties or free of duty; also as to the stimulating effect of such action in increasing Philippine and Cuban sugar production. Seemed to think that their possibilities were limitless and that the removal or reduction of our duties on their sugar would result in upsetting the world's sugar market. Said that the matter had been fully discussed and considered at the meetings of the conference.

At The Hague, Mr. Versteeg, the secretary-general of the Netherlands department of agriculture, said to be the best government authority on agriculture, informed me that in Holland the beet-sugar industry was held in the highest esteem by all thinking men, it being of the greatest value to farmers and stock raisers. He intimated that it would be a bold man, or set of men, who would advocate any policy which might result in injury to the home industry. Another official of the department, to whom he gave me a card, accorded me an interview, concerning which I quote from my notes:

Talked freely of the industry and its great value to Holland farmers. Said no thought would be given to a proposition which might in any way injure the home industry, and thus the Holland farmers, thousands of whom would not know how to turn if deprived of this crop.

Mr. Barbe, president of the Western Sugar Refining Company at Amsterdam, is the largest sugar refiner in Holland. His company refines from one and one-half to two times as much sugar as is consumed in the entire Kingdom of Holland. Mr. Barbe was a member of the Brussels convention. He informed me that he had tried to refine Javan cane sugar, but could not do so at a profit on account

of the restrictions placed on it by the Dutch Government for the express purpose of protecting the home beet-sugar industry. For the sake of larger dividends he would like to be able to refine cheap Javan sugar, but the beet-sugar industry was a national blessing, which the Dutch Government protected by absolutely excluding even the Javan products, produced by Hollanders in a Dutch possession. He seemed much amused in contrasting our governmental policy toward the home and colonial sugar industries with that of his own country. Quoting from my notes:

He does not believe we will reduce the duty on either Cuban or Philippine sugar—is convinced that a 50 per cent reduction on Cuban or free Philippine sugar would be fatal to the home beet and cane industries. Can't believe that Congress would do such a thing.

I quote a paragraph from my notes concerning an interview with Mr. de Bussy, editor of De Indische Mercur, at Amsterdam, a paper devoted to colonial products, especially Javan:

Says Philippines can produce great quantities of sugar and are only waiting to get their status settled when large amounts of capital will go into the industry, if settled favorably to them. Exchanges with Philippine papers and keeps track of the industry. Predicts great increase in Formosa. Japanese good workers and work cheaply. Philippine land as good or better than that of Java.

Occupying high places in the sugar industry of Hungary are the Von Hatvanys, both noblemen, both members of Parliament, both political economists of note, and both very wealthy. Three of their estates cover 50,000 acres, and all are equipped with up-to-date sugar factories, the one I visited being a 25,000-acre estate equipped with a factory of 3,000 tons daily capacity, said to be the largest in Europe.

The Hatvanys, one of whom was a member of the Brussels Convention, assume a little different, though none the less significant, position in regard to Cuba and the Philippines from that voiced by other political economists I met. Quoting from my notes:

They both feel that our affairs with Cuba and the Philippines and the outcome of it can have little or no effect on the European beet-sugar industry through the dumping of additional large quantities of cane sugar on the English market, as they firmly believe that any further concessions of tariff on these sugars would result in Great Britain closing her doors to them. Their only interest concerns the comparatively small quantity of Javan, Santo Domingan, and other sugars we now consume from tropical countries to whom we grant no tariff favors. They seemed to think that our legislators must surely consider this phase of the question, and would hesitate a long time before taking a step which would precipitate such a condition of affairs.

They were convinced that further tariff concessions to either of these tropical countries would greatly stimulate their production of sugar, and that the United States alone would have to bear the burden of her action, if such action were taken. I suggested that our tariff concession to Cuba was but 34 cents per 100 pounds, while the Brussels convention only provided for countervailing duties in case the gratuity amounted to 50 cents or more per hundred. They called my attention to the recent renewal of the convention, when Great Britain insisted that, notwithstanding the fact that Russia paid liberal bounties, and under the stimulating influence of these

bounties had piled up a large surplus of sugar, Russia must be admitted to the convention, surplus and all, and Europe had to submit. They submitted that the laws of the Brussels convention were not the laws of the Medes and Persians, but were flexible and designed to be changed as often as circumstances might dictate, and that our pursuit of a policy that virtually paid a big bounty on certain tropical sugars which we consumed, and thus enabled the producers to dump their surplus on foreign markets at less than the cost of production and still make a profit on their full crop, would not be submitted to. Great Britain had forced Europe to a fair competition in the British market with British colonial sugars, and she would likewise force us and the sugars we favored, if occasion demanded.

In Paris I was told that one of the considerations which actuated Great Britain in admitting the importation of bounty-paid Russian sugar concerned reciprocal advantages granted by Russia on Russian imports of British India tea. In London I was questioned by an official of the British board of trade (a government institution) concerning the bounties paid by our state governments on the production of beet sugar. I told him that only the State of New York did this, and he said that that was his understanding, but that on account of this other governments had endeavored to get Great Britain to countervail against American sugar, not because we exported any, but as a matter of principle; but that on account of the friendly feeling existing between Great Britain and the United States Great Britain had declined to do so. He asked me to confirm from official sources my opinion of there being only one State which granted a bounty, and advise him, which I promised to do. I mention this incident to show that the closest scrutiny of the sugar question is being observed, and that further tariff concessions to Cuba or the Philippines would probably result in closing all other world markets to their sugar.

I will not take up the space to quote the expressions of other equally noted people in the European sugar world, but will merely state that their opinions as to the enormous stimulation of sugar production which a further tariff concession to either Cuba or the Philippines would inevitably bring about coincides with those I have taken the pains to quote.

Among these notable people whom I met and with whom I discussed the subject were—

Otto Licht, of Magdeburg, the veteran German beet-sugar statistician whose figures and crop estimates on European beet-sugar are accepted the world over;

Professor Doctor von Lippman, the celebrated German sugar expert, of Halle, said to be the greatest sugar chemist and political economist on sugar in Germany; the author of a standard history of sugar and of a standard work on sugar chemistry; the first sugar refiner in Germany to produce refined sugar without the use of charcoal, and for which discovery he was decorated and made a nobleman; the managing director of a sugar refinery which annually turns out 50,000,000 marks' worth of sugar;

Privy Councilor Koenig, president of the Union Association of German Sugar Manufacturers and Refiners;

Doctor Herzfeld, the noted sugar expert, who is in charge of the experimental laboratory of the German Sugar Industry at Berlin, the greatest sugar school in the world;

Doctor Bartins, editor of Die Deutsche Zuckerindustrie, the leading sugar paper of Germany;

Mr. Zuckschwerdt, of the great sugar brokerage and banking house of Zuckschwerdt & Beuchel, of Magdeburg;

Doctor Stein, of Liverpool, the technical sugar expert, engineer, and chemist employed by the British Government and the sugar importers as an arbitrator of disputes on classification of sugar imports, and a director in a large British sugar refinery;

Mr. Czarnikow, of London, the greatest sugar importer in the world, with houses in London, Liverpool, Glasgow, Greenock, and New York;

Sir Nevile Lubbock, sugar broker, of London, who was chairman of the British royal commission which was sent to the West Indies to study out how their conditions could be improved, and who was decorated on account of his services in this commission, and who was the expert adviser of the British members of the Brussels convention;

British Consul Drake, one of the largest sugar brokers in Magdeburg, and member of the largest sugar-brokerage houses on the Continent;

Professor Strohmer, chief of the Austria-Hungarian sugar institute, conceded to be the leading sugar expert of Austria, and who believes the sugar world has far more to fear from the Philippines than from Cuba;

Doctor Mikusch, general secretary of the Austria-Hungarian Sugar Association, and editor of the Wochenschrift des Centralverines Fur Rubenzucker-Industrie, the leading sugar paper of Austria;

Monsieur Dormerque, administrator of the French syndicate of sugar manufacturers; and

Mr. H. C. Prinsen-Geerligs, of whom I will have more to say later.

These and others I met are thoughtful, studious men, men of culture, refinement, education, and science, many of them possessors of great wealth. They have devoted their lives to the study of the various phases of this most intricate subject. Largely by their brains and those of their fathers, Europe is being enriched by more than half a billion dollars a year, and has become independent of tropical sugar. They command the highest respect of their monarchs, as is evidenced by the fact that more than one-half of them have been decorated for services rendered the sugar industry. They also command the respect and esteem of their public officials and the people amongst whom they live. My regret is that they can not appear in a body before this honorable committee.

World's beet-sugar production and exportation.

Country.	Number of factories, 1906–7.	Production metric tons (2,204 pounds), 1907–8.	Average sugar production per factory, in metric tons.	Exports metric tons (2,204 pounds), 1906.
Germany	369	2,223,521	6,026	1,008,835
Austria-Hungary	201	1,409,357	7,012	740,238
Russia	277	1,403,300	5,066	93,854
France	255	719,900	2,823	290,306
United States	63	420,715	6,678	
Belgium	82	231,499	2,823	210,062
Holland	28	173,103	6,182	161,596
Italy	35	150,223	4,292	
Sweden	20	109,500	5,475	
Spain	33	106,000	3,212	
Denmark	7	52,700	7,529	
Roumania	5	21,100	4,220	
Canada	8	[a] 12,500	4,167	
Switzerland	1	3,370	3,370	
Bulgaria	1	3,080	3,080	
Servia	1			
Greece	1	2,088	2,088	
Total	1,382	7,041,956	[b] 5,033	2,584,911

[a] Estimated. [b] General average.

German figures by Otto Licht, Magdeburg. All other figures, except exports, by Fred Sachs, Brussels. Export figures, except Germany, by United States Department of Agriculture.

SUGAR-BEET AREA, EUROPE AND THE UNITED STATES.

About one-half of the sugar of the world is produced from European sugar beets which are grown from as far south as Spain, Italy, and Greece to a point as far north as the Russian province of St. Petersburg and an equally northern latitude in Sweden.

From east to west there are, of course, no climatic limitations, and spread out from the Atlantic to a point far into Russia there are over 1,300 beet-sugar factories, and the industry is now spreading into the Chinese province of Manchuria.

The corresponding latitude in America covers all the territory in the United States north from Norfolk, Va., on the east and Santa Cruz, Cal., on the west, as well as a goodly portion of Canada. However, owing to our mountain ranges the beet-sugar territory dips from northeast to southwest, and in southern California several hundred miles south of Santa Cruz there are produced the richest beets in the world.

It would thus appear that with a strip of country nearly 800 miles wide and 3,000 miles long lying within the latitude in which Europe produces sugar beets there is no limitation as to the amount of sugar which we can produce from this humble vegetable.

THE BRUSSELS AGREEMENT AND THE CONCLUSIONS OF EUROPEAN SUGAR MEN CONCERNING FUTURE SUGAR PRODUCTION IN EUROPE.

The direct and indirect benefits brought about by sugar-beet culture are so great and so generally recognized in Europe that for a number of years prior to 1903 their large sugar-producing countries were engaged in a maddening scramble to increase their production. Realizing these enormous benefits, one government after another joined in paying larger and larger bounties on export sugar. The

sums so paid out in bounties amounted to untold millions, and resulted in Great Britain securing her sugar at far less than the cost of production. While this was a most satisfactory situation for the manufacturers of confectionery, jams, jellies, preserves, and a myriad of other articles, it was ruining Great Britain's sugar-producing colonies. For the purpose of saving her colonial sugars from this unfair competition in British markets, Great Britain forced the signing of the Brussels agreement in 1902, under the terms of which all bounty-paying, sugar-exporting countries, except Russia, agreed to abolish their bounties in 1903. Since that time there has been but little change in the European sugar situation, and the people whom I met in Europe look for no material change in the European production of sugar in the near future.

Sugar production is increasing gradually in the sugar-exporting countries of Germany, Austria-Hungary, Belgium, and the Netherlands, while the production in France has been falling away somewhat, presumably owing to the generally acknowledged fact that it costs about 5 francs more to purchase and treat a ton of beets in that country than it does in Germany.

Russia, on the other hand, not being a party to the Brussels Convention of 1902, has continued to pay bounties and has greatly increased her output of sugar, bringing it up to nearly a million and a half tons, thus placing her on a level with Austria-Hungary, the second largest beet sugar producing country in the world. Russia is said to have a wonderfully rich sugar-beet soil, being very rich and very black, and hence it absorbs the utmost amount of the sun's rays. Should there be any great increase in European beet-sugar production, Russia, with her rich soil and low wage rate, is expected to be found in the lead.

Of the nonexporting sugar-producing countries, Spain, since transferring her colonial problems from her shoulders to ours, in 1898, has built up a home beet-sugar industry, and now, instead of importing sugar, has a small surplus for export, and has joined, or is about to join, the Brussels Convention.

Italy, during the past few years, has built up her beet-sugar industry from almost nothing to 150,000 tons, practically ceasing to be an importer, though she is not expected ever to become an exporter, and the same conditions prevail as to Sweden and largely as to Denmark.

Bulgaria and Roumania are regarded as promising countries for a further development to meet the requirements of home consumption.

Switzerland, on account of the mountainous character of the country, is regarded as out of the question, while Servia and Greece seem to be problematical.

Great Britain recently reduced her Boer war revenue tax on sugar for the reason that it was the most recent tax to be levied, and it was imposed with the distinct understanding that when her revenues permitted of a reduction in taxation this should be the first tax to be removed; and now that the Government has a large surplus revenue, the duty has been cut from about 1 cent to one-half of 1 cent per pound. The tax was imposed purely as a revenue measure and not with a view of protection. No reduction is made by Great Britain in favor of her colonial sugars.

Of late there has been no little agitation looking to the establishment of the beet-sugar industry in the several British islands, with a

view to the gradual employment of their vast hordes of unemployed. Prominent sugar importers, who admitted that they had been life-long followers of Cobden and Adam Smith, told me that they were now firm advocates of establishing the industry in the British Isles for the purpose above mentioned. One of the principal drawbacks to establishing the industry in Great Britain has been the preponderance of large landed estates and farm renters with year-to-year leases, making it difficult or impossible for factory projectors to secure long-time contracts for beets. Lord Carrington, president of the British board of agriculture, informed me that last year he secured the passage through Parliament of a bill providing for the purchase of English estates by the Government and subdividing and selling them off to farmers. He stated that under this bill he had purchased 100,000 acres during the past year, was now negotiating for a 25,000-acre tract, and expected to purchase at least 100,000 acres the coming year, thus gradually getting the lands into small ownership by the farmers who till them.

The general impression which I heard expressed in England was that that country would be on a protective-tariff basis within five years. Should this occur, and the cutting up of the lands continue, it is more than possible that the beet-sugar industry will become the leading agricultural industry of Great Britain, for it is claimed that the tonnage, sugar contents, and purity of the beets grown there are higher than in any country on the Continent, and she has cheap labor, fuel, and supplies.

NOTICEABLE CONDITIONS AND CHANGES IN THE EUROPEAN BEET-SUGAR INDUSTRY.

The beet-sugar industry of Europe is undergoing several changes. Formerly the factories were mostly small affairs and produced only raw sugar, which was shipped to central refineries to be refined, thus saving the installation of much expensive machinery at the beet-sugar factory proper. The great expense of the machinery for the final preparation of the sugar for market will be appreciated when I tell you that one refinery I visited in Germany is compelled to prepare its sugar in 20 different styles and sizes of cut loaf, tablets, crushed, powdered, cubes, etc., in order to satisfy the varied demands of the trade, thus requiring 20 sets of special machinery.

With the sharp competition of recent years, many of the smaller factories have been torn down or dismantled and their machinery consolidated in large plants in order to reduce the cost of production, and the new plants being erected are all of large capacity. With this change in the trend of affairs, the large factories began to educate the people to use granulated sugar, so that with a comparatively small additional expense in machinery the trade could be supplied with a product ready for consumption without the intermediary work and expense of the refiner. In most of the countries I visited I learned that they were succeeding in their efforts, and in France, Germany, and Belgium, at least, a goodly portion of the product of the beet-sugar factories is now white granulated sugar for direct consumption.

Another feature which has recently been inaugurated in Europe is the erection at a cost of $60,000 to $75,000 of quite a simple factory,

which will extract 8 or 9 per cent of the sugar, leaving the balance of it in the cossettes and molasses, to be prepared and used for stock food. These plants cost much less than plants equipped with machinery to extract the highest possible percentage of the sugar in the beet, and what value they lose in sugar they claim to more than make up in the value of stock food. When Mr. Steffens first proposed the matter there he was laughed at, but it is claimed that each of the several factories so installed has proven to be successful. In Europe they secure a low price for sugar for export and pay a high price for imported stock food, and whether or not such plants as the above would be a success in the United States, where stock food is much cheaper than in Europe, is a question. It would be more likely to succeed in our New England and other Eastern States, where stock food is high, than it would in the West, where stock food is much lower.

In some portions of Europe the farmers are so anxious to grow sugar beets that in order not to show favoritism the factories, after receiving all the offers of acreage, allot each farmer his percentage, as is done with an oversubscribed bond issue. This condition tends to avoid demands for higher prices for the factory's raw material.

In some places it is still difficult to induce the peasant farmers to use machinery in the treatment of their crop, some even persisting in using a forked spade in digging out the beets. Nearly all extensive growers, however, use the most modern up-to-date machinery, including steam plows. Where land holdings are large, as in Hungary, these extensive growers contract to furnish all the way from a few hundred acres of beets up to as high as 3,000 acres, which was the largest acreage I learned of any one grower furnishing a factory. Two such growers to each American factory would have furnished us with more beets than all of our American factories sliced last year. These large growers raise beets largely for the indirect benefits secured by rotating beets with other crops and to secure the pulp to feed to their great herds of stock. If for their beets they secure anything like the direct cost of production, it is regarded as a paying proposition, though, of course, they get as high a price as possible.

Many of the factories are operated by large landed proprietors, who raise all kinds of agricultural products, run great herds of stock, operate dairies, flour mills which grind their wheat, and even breweries which work up their barley and hops, thus securing all the indirect advantages as well as the direct.

I visited one of the magnificent estates of Alexander and Joseph von Hatvany, located at Hatvan, Hungary. This magnificent 25,000-acre estate and its beautiful 120-room castle, now occupied by the Hatvanys, formerly belonged to the favorite prime minister of Maria Teresa, who often sojourned there.

The estate is equipped with a sugar factory which was slicing 3,000 tons of beets per day, and is said to be the largest in Europe. The factory consumes the beets from 70,000 acres, many thousand of which are grown on the Hatvany property, while individual growers furnish the factory with as high as 3,000 acres of beets each, which were analyzing 18½ per cent sugar.

The factory has been operated one hundred and eighty days in a season, about double the usual American campaign. This estate is also equipped with seven flour mills, which turn out 30,000 sacks of

flour a day, with a brewery which uses up the barley produced, with 4,000 head of oxen and milch cows, with an extensive dairy, the milk being shipped to Budapest, and with an extensive system of narrow-gauge railway equipped with 600 cars.

I visited sugar-beet farms and interviewed the growers of seeds, among them Mr. Vilmorin, of Vilmorin, Andrieux & Co., of Paris, established in the seventeenth century, the largest sugar-beet seed growers in France, and Messrs. Rabbethge and Geisecke, of Klein-Wanzlaben, Germany, the largest growers of sugar-beet seed in the world, and the distinguished services of all three of these gentlemen in the interest of sugar have been recognized by their home governments. The sugar-beet seed industry has grown to immense proportions, but a description of either one of these farms would make a volume by itself. Sugar-beet land in this section of Germany is valued at 10,000 marks per hectare, or $1,000 an acre. The Klein-Wanzlaben farm covers 4,000 acres and it takes 400 head of oxen to work it. It is equipped with 60 miles of private railway, a 1,000-ton sugar factory, and a dozen or more buildings of huge dimensions for the preparation and storage of sugar-beet seed. Some of the great buildings are four and five stories high and filled with cleaning machinery from top to bottom. The laboratories and seed-testing rooms are of such dimensions as to accommodate several hundred expert operatives, and are equipped with all the machinery and appliances that science has evolved. The library and museum is as large as would be found in a good-sized American city, and is filled with books and relics and appliances pertaining to the industry that are of inestimable value. It was here that before starting the rounds of the building and farms the room was darkened and by means of stereopticon views they showed us what we were about to see. In their vaults they have a record and the pedigree of every mother beet from which they have furnished seed since the foundation of the firm, and they have photographs of every mother beet they have raised for nearly forty years. All these photographs and records are indexed and each can be referred to at a moment's notice. The same care and attention to the minutest detail of seed growing prevails at Vilmorin's farm, just outside Paris, where he has a beautiful chateau and resides during the summer.

Neither the sugar-beet seed growers nor other scientific men I met anticipate being able to materially increase the sugar contents of the beet. Without exception, they feel that about the limit has been reached, and the sugar-beet seed growers are bringing every scientific effort to bear to raising the purity of the beet, in order that a greater proportion of the sugar in the beet may be rendered extractable.

LABOR.

In France ordinary factory labor is paid from 3 francs to 3 francs 75 centimes per day, equal to 58 and 73 cents United States currency.

In one place in Germany they were paying as high as 2 marks (48 cents) per day for women and 2½ to 3 marks for men, or 60 to 72 cents per day. In another section they were paying their agricultural laborers, who worked in summer from 4 a. m. until 9 p. m., 1¾ marks (42 cents United States currency) per day for men, and 1 mark 10 pfennigs (26½ cents United States currency) for women. In addition

to this these laborers were furnished with lodgings, with coffee three times a day, and with a nutritious dinner. I examined the lodgings, kitchens, lavatories, etc., which were furnished these laborers. The buildings were substantial, constructed of brick, with bare cement floors, but would hardly be considered attractive by the average American workman.

In Hungary factory wages run all the way from 40 to 60 cents United States currency per day.

In Austria the agricultural wage rate for women is as low as 12 to 15 cents United States currency per day, and for men 20 to 24 cents. Men, on piecework, working from 4 a. m. to 8 or 9 p. m., are able to earn from 60 to 70 cents per day.

Common labor in the factories is paid from 25 cents to 35 cents per day. Returning from Budapest to Vienna, I landed in a snowstorm, and the next morning many men were engaged by the city in shoveling snow. I learned that they were paid 2 kronen, or 41 cents United States currency, per day.

In order that you may compare the labor figures I have presented with those presented by Mr. Baird, I have tabulated Mr. Baird's figures, and append them herewith.

	United States.	Germany.	Austria.	France
General foremen..... ......per month..	$150.00 -$160.00	$22.00-$37.50	....	....
Highly skilled laborer at the vacuum pans ....per month..	[a]100.00 - 125.00	[b]18.00- 22.00	[c]$18.00	[d]$40.00
Beet-shed workmen ....per hour..	.20½	.05	.07	....
Beet feeders.......................do....	.17½	.05½	.07	....
At beet washers ....do....	.17½- .22	.05	.05½	....
At the beet cutters.................do....	.20 - .25	....	....	$0.08- .10
Knife sharpeners ....do....	.22½- .27½	....	....	.05 7/10- 10
Head men at the diffusion battery.do....	.25	.06- .10	$0.03- .05	.09- .10
Helpers at diffusion battery.......do....	.20	.04	04- .06	.06- .07½
Under the diffusion battery.......do....	.20	.05- .06	.04- .06	.08
Chief man at carbonation.........do....	.25	.05	.05	.08
Filter-press foremen ....do....	.25	....	....	.08
Filter-press men....................do....	.17½	.04	.05	.07
At the evaporators.................do....	.25	.04¾	.05½	.08
At the centrifugals ....do....	.20- .22½	([e])	....	....
Cleaning boilers, firing and stoking, head boilerman ....per hour..	.30	....	.07	.07
Firemen.............................do....	.25	.06½- .07	....	....
Blacksmiths.........................do....	.40	.06½- .07½	.07	.08
Boiler cleaners.....................do....	.20	....	....	.06

[a] In general by the year.
[b] In general not by the year.
[c] Or $294 by the year.
[d] For three months and $10 extra for traveling expenses.
[e] Paid by the sack.

COST OF SUGAR PRODUCTION IN EUROPE.

Cost of production is a difficult thing to obtain in foreign countries, even under the most favorable circumstances, and I found it especially so in face of the publicity given to a letter from the State Department to our foreign consuls, asking them to secure such information for the benefit of this honorable committee. Europeans seemed to think that it was about like asking a prisoner to furnish the evidence on which to convict him.

The best specific evidence concerning its low cost of production in any one country is the figures of Otto Licht, compiled from the ruling daily prices on the Magdeburg Sugar Exchange, a most im-

portant institution, which fixes the market price of sugar in the very heart of the German sugar industry.

These figures show that in but one year since the Brussels convention has the Magdeburg price of sugar averaged above $1.97 per 100 pounds, and that with the exception of this one year, when abnormal conditions prevailed in the sugar world, the average price of sugar on the Magdeburg Sugar Exchange during the past six years, has been $1.85 per 100 pounds.

If these prices did not compensate the manufacturers for the direct and indirect advantages they secured from the industry, it is a fair presumption that the industry would have lagged. The following figures are those of Licht in German marks per 100 kilos, to which I have added the figures per 100 pounds in United States currency:

	Marks per 100 kilos.	United States currency per 100 pounds.		Marks per 100 kilos.	United States currency per 100 pounds.
1901-2	15.76	$1.71	1904-5	25.32	2.76
1902-3	17.54	1.91	1905-6	16.22	1.77
1903-4	17.38	1.89	1906-7	18.07	1.97

From sugar manufacturers I secured data for factories in different portions of Germany, which worked out a cost of production of $1.95, $2.11, and $1.98 per 100 pounds, respectively; in Belgium, $1.837; in Holland, $1.477 and $1.61; in Austria, $1.85; and in Russia, $2.355.

The larger of the above cost figures are those where the receipts from the sale of pulp, molasses, lime cake, etc., were not given, and hence could not be deducted from the total expenses before dividing the expense with the number of pounds of sugar produced. That this makes a very material difference in European cost of production is shown by the fact that in one case where I succeeded in obtaining the figures from the sale of by-products, the amount so received amounted to over 30 cents per 100 pounds on the sugar produced.

This factory ran a little over 65,000 tons of beets, made something over 22,000,000 pounds of sugar, and the total expense amounted to $396,066.50. Figuring on this basis, the cost of producing the sugar would be $1.79 per 100 pounds. The facts were, however, that the receipts from the sale of pulp, molasses, and other by-products amounted to $58,064.35, and first deducting this amount from the total expenses, and then dividing the remainder by the pounds of sugar produced, showed a cost of production of $1.477 per 100 pounds, a difference of 32.2 cents per 100 pounds.

The average cost of sugar beets in the United States last year was estimated at $5.75 per ton, and the figures of the Department of Agriculture showed an average extraction of 12.30 per cent, or 246 pounds per ton, thus making the extractable sugar in the beet cost $2.33 per 100 pounds before the beets are sliced.

It seems safe to conclude that the net cost of producing sugar in Europe is materially lower than the American beet-sugar factories are paying the farmers for the raw material. In fact, the farmers of the United States are receiving more money per pound of extractable sugar in their beets than the German sugar manufacturers are

receiving for the finished product. It should not be concluded, however, that the people of Europe pay a less price per pound for the sugar they eat than do the people of the United States. On the contrary, owing to the levying of consumption taxes and other forms of internal taxation, the retail price of sugar throughout continental Europe is materially higher than it is in the United States.

GOVERNMENTAL INTEREST IN AGRICULTURE IN EUROPE.

In Europe the governments' intense interest in the tiller of the soil is not confined to sporadic efforts, but is constant. A failure of crops in any country of Europe would be a national calamity and the government sees to it that such a thing does not happen. In America the quality of the farmer's brains determine his success or failure. Our Department of Agriculture is doing heroic work. Innumerable experiments are made, and the results are conveyed to a goodly number of our farmers, and there the work might be said to cease. From that time on the farmer is left to himself, and whether or not he profits by this work concerns no one but the farmer himself. In Europe it is quite different. The reasonable presumption there is that unaided the peasant farmer can not produce as abundant crops as when aided by the skilled agriculturist, who sees to it that European lands are enriched by more brains and more fertilizer per acre than any other lands in the world.

Undoubtedly this continuity of effort and the results thereby obtained are best illustrated in their governmental work in connection with the production of beet sugar, which effort began in France and Germany over a century ago and has never ceased for a moment from that day to this.

By governmental aid in the scientific breeding of sugar beet seed they have raised the purity of the beet, and have more than trebled its sugar contents. They have increased the size of the beet to such an extent that 1 acre now produces as many tons of beets as were formerly harvested from 2 acres.

They have assisted the mechanical engineers and machinery manufacturers in perfecting their processes of extraction, so that the rich beets of to-day, manipulated by modern machinery and methods, yield three times as much sugar per ton as they did a few decades ago.

They have taught the farmers how to rotate their other crops with sugar beets with such success that if the sugar beet were now removed and all the land put into other crops the entire acreage would not produce as much tonnage of other crops as is now produced in addition to their sugar beets.

The further result is that in addition to these vast indirect advantages Europe is saving two hundred and fifty to three hundred million dollars a year which she would otherwise send to the Tropics for sugar, in addition to drawing one hundred and fifty to two hundred millions a year in gold from other countries from the sale of the sugar she exports.

Nor have these efforts ceased. Farmers' meetings in country schoolhouses are still addressed by scientific agriculturists, who are teaching the farmers how to produce a greater and greater tonnage of sugar beets to the acre. Nor have they stopped the scientific work with the

manufacturing end of the industry. At Berlin the Government owns what is admitted to be the greatest sugar institute in the world. The immense four-story building occupied by this institute was erected for this particular purpose, and is equipped with every known scientific instrument and piece of machinery used in sugar work, including a complete working beet-sugar factory in miniature. The laboratories are marvels and the library is said to contain every standard work on sugar which has ever been published, as well as all the current sugar publications of the world and tens of thousands of sugar documents and pamphlets.

Dr. Alexander Herzfeld, one of the world's most celebrated sugar chemists and experts, presides over this institution, assisted by a faculty composed of the ablest sugar experts in the German Empire. In showing me through the building, Doctor Herzfeld explained the workings of the institute. From one year's end to the other the most careful research work is conducted, analyzing and testing first the different commercial varieties of sugar-beet seed and then sending it out to various factories, where it is planted on soils of different character, later noting the tonnage yield, and finally the sugar contents and purity, thus determining which particular seed will give the best results in each character of soil. They study manufacturing processes and have experimental machinery constructed with the view of still further perfecting the manufacturing end of the industry.

They analyze the coal, the coke, and the various other factory supplies used by German beet-sugar factories, and, as Dr. Herzfeld remarked, they had even analyzed the wine which the factory directors drank.

Students in this school take minor positions in the German sugar factories during the ninety-day campaign and then return to their technical studies. The graduates of this school know about all that is to be learned concerning the technical working of a sugar factory, and having graduated they fill the highest technical positions in the factories and in the fields, and secure marvelous results for the industry.

In Germany a young man knows that if he perfects himself in the art of sugar making his future is assured, that even though every other country in the world produces its own sugar, and thus cut off German exports, his country will still continue to produce all the sugar the German people consume; and hence young men of brains and intellect are always attracted to this industry, raising its scientific standard and bringing it closer and closer to the point where the science of the Temperate Zone can compete with the slave wage rates of the Tropics.

I asked a German official what would be the result if in following the policy already adopted in part by the United States—and now proposed by some to be more completely adopted—the German Government should make such tariff concessions to its South African colonies or to weak but independent sugar-producing tropical countries as would enable them to produce sugar and ship it into Germany in competition with German beet sugar. Instantly he replied: "It would create a revolution and wreck the Empire. Such a thought is preposterous—not to be dreamed of for even a moment. A chancellor who would suggest such a thing would be mobbed within twenty-four hours."

With protective tariffs and bounties and cartels and sugar schools and lectures to the farmers on how to secure the best results, the fostering protection and care of that Government to the sugar industry is real and substantial and both farmers and capitalists know what to expect.

The growth of this industry and its influence on the world price and per capita consumption of sugar, perhaps, is illustrated best by its record in Germany, figures of which, compiled from the tables of Otto Licht, are given below.

Taking these figures of ten-year periods from 1835 to date, it is seen that at the earlier date they had 122 factories that produced an average of but 11 tons of sugar per annum per factory, while now they have 369 factories which produce an average of 6,026 tons of sugar per factory.

The tonnage of beets per acre during this period has been raised from 7.7 to 12.73; the extractable sugar from 122 pounds per ton of beets to 346 pounds; the area harvested from 3,250 acres of beets to 1,110,457 acres; and the sugar produced from 1,408 tons to 2,223.521.

During this period the annual taxes collected on sugar have risen from less than $4,000,000 a year to nearly thirty-four millions a year, and the per capita consumption has risen from 4.4 pounds to 41.18 pounds. During this period they have had much to do in revolutionizing the cost of production and the price of sugar, the Magdeburg price of which has dropped from $9.49 per 100 pounds in 1855 to $1.97 in 1907. To-day the Magdeburg price of the 41 pounds of sugar the average German annually consumes is but a trifle greater than it was forty years ago for the 9½ pounds he then consumed.

Development of the German beet-sugar industry, 1836–1907.

[All weights in metric tons of 2,204 pounds.]

Year.	Number of factories.	Acres in beets.	Beets per acre.	Beets harvested.	Beets worked per factory.	Sugar extraction.	Sugar produced per acre.	Sugar produced.
			Tons.	*Tons.*	*Tons.*	*Per cent.*	*Tons.*	*Tons.*
1836-37	122	3,250	7.70	25,346	208	5.55	0.431	1,408
1846-47	107	31,750	8.82	281,692	2,633	7.14	.632	20,121
1855-56	216	114,700	9.50	1,091,990	5,056	8.00	.760	87,359
1866-67	296	242,025	10.46	2,535,635	8,566	7.93	.829	201,241
1876-77	328	352,185	10.06	3,550,037	10,823	8.15	.820	289,423
1886-87	401	692,22[illegible]	11.88	8,306,671	20,715	12.18	1.45	1,012,968
1896-97	399	1,062,202	12.89	13,721,601	34,390	13.38	1.72	1,836,536
1906-7	369	1,110,457	12.73	14,171,666	38,406	15.69	1.99	2,223,521

Year.	Sugar produced per factory, average.	Sugar imported.	Sugar exported.	Sugar consumed.	Consumption of sugar per capita.	Taxes and customs collected on sugar.	Magdeburg price of sugar per 100 pounds.
	Tons.	*Tons.*	*Tons.*	*Tons.*	*Pounds.*		
1836-37	11	51,527	2,230	50,705	4.4	$3,710,129.04	----------
1846-47	188	68,096	10,019	74,628	5.65	4,440,963.04	----------
1855-56	404	46,703	9,545	116,568	7.81	5,775,310.08	$9.49
1866-67	680	6,471	42,975	162,429	9.90	7,501,470.48	6.82
1876-77	882	12,350	60,407	241,365	12.47	11,703,589.20	7.96
1886-87	2,526	4,570	663,266	354,278	16.54	8,069,760.00	4.22
1896-97	4,602	1,620	1,241,230	596,926	24.99	20,854,560.00	2.22
1906-7	6,026	3,117	1,098,835	1,144,629	41.18	[a] 33,980,880.00	1.97

[a] 1905-6; figures for 1906-7 not obtainable.

Though on account of its great indirect, as well as direct advantages, the sugar industry has received more governmental aid and attention in Europe than perhaps has any other, it is not by any means the only industry which receives the fostering care of the Government.

For a nominal annual fee the farmer belongs to an agricultural society, one of whose experts visits his farm every thirty days and inspects his crops and his stock. If his pigs are not looking up to standard, or his cows are not giving enough milk, or the milk is poor, a veterinary is sent for forthwith, and if each and every crop is not up to standard, he is told what to do, and it is seen to that he does it. It goes without saying that the system of rotation of crops is devised by the experts. This system of directing the farmers has reached its highest development in Germany, but it is in vogue to a greater or less degree all over Europe. The effects of it are very striking when the agricultural statistics of western European countries are compared to those of Russia and the United States. The following table for 1906, covering four leading cereal crops in five countries, illustrates the value of this character of work:

Average yield per acre.

	Wheat.	Oats.	Barley.	Rye.
	Bushels.	*Bushels.*	*Bushels.*	*Bushels.*
United States	13.8	30.1	25.5	15.7
Germany	28.0	47.4	33.5	24.2
France	19.8	27.3	22.4	16.7
Austria	17.8	27.2	22.9	17.6
Hungary	17.6	30.4	22.7	17.3
Russia	9.2	18.9	13.4	11.3

While it is an established fact that the cane-sugar industry is an industrial juggernaut which blights and crushes every other industry that lies in its path, it is equally well understood that the beet-sugar industry is an aid to all other industries. On large areas in Germany they have demonstrated by scientific tests covering a period of fifteen years prior and subsequent to the introduction of beet culture, when one-fifth of the land was planted to sugar beets, that the remaining four-fifths of the area yielded 24 per cent more wheat, 14.8 per cent more rye, 25.2 per cent more barley, 41.5 per cent more oats, 86 per cent more pease, and 102.3 per cent more potatoes than was secured from the entire area before the introduction of the sugar beet as a rotating crop.

The value in dollars and cents of Europe's methods of scientific farming is best illustrated in the production of two of our leading cereals, wheat and oats. The 1907 farm value of all the wheat and oats we produced on the 77,000,000 acres devoted to those two crops amounted to $1,223,573,000. In the case of each of these crops the average yield per acre in Germany in 1906 was exactly double what it was in the United States in 1907, and hence, had our farmers been as skillful as are the German farmers, in a single year they would have added nearly a billion and a quarter dollars to their income from these two products.

It thus would seem that the scientists of Europe have effectually squelched those who were wont to scoff at the so-called "worn-out

soils of Europe" when comparing them with our "virgin soils," and unless we succeed in teaching our farmers better methods of agriculture, the comparison will become more odious than it is now.

In Germany, France, and Austria-Hungary the same paternal spirit is shown in stock raising as in agriculture, and the farmers are being taught that it is as cheap to produce good as poor stock. The Prussian Government owns 4,200 stallions, one of which cost $150,000 and several of which cost $75,000 each. In the spring these government stallions are sent on their rounds through the country and their service is furnished at from 2 to 6 marks, a certificate of pedigree being furnished with the service. Individuals may own stallions, but can only use them for service if certified by the government officials, and the farmer accepting service from an uncertified stallion is subject to a heavy fine. The marked effect which this system has had in raising the character of stock in these countries is said to more than justify the establishment of it. Perhaps the best evidence of the value of this scientific method of breeding is seen in the German cavalry, acknowledged to be the best mounted cavalry in the world.

EUROPEAN THEORY OF TAXATION AND POLITICAL ECONOMY.

European countries which formerly collected a large amount of revenue on sugar imports finally raised their customs duties high enough to induce their capitalists to erect beet-sugar factories and produce their sugar at home, and thus become independent of tropical sugar. Then they imposed consumption taxes with which to replace the losses in customs duties, and to-day the eight principal sugar-producing countries of Europe secure over $188,000,000 of revenue per annum from consumption and other forms of sugar taxation, as is shown by the following table, which I have prepared for the consideration of this honorable committee:

Sugar duties collected in principal countries of Europe, also in the United States.

Year	Country.	Amount collected in local currency.	Equivalent in United States currency.	Sugar consumption per capita. [a]	Tax collected per pound of consumed.	Tax collected per capita.	Tax collected per 82.6 pounds of sugar.
				Pounds.			
1907	Russia ....rubles..	101,467,263	$52,255,640	18.28	$0.0218	$0.40	$1.80
1906-7	Austria-Hungary, krones.	[b]186,300,000	38,191,500	23.32	.0343	.80	2.83
1906-7	Germany ....marks..	146,326,700	35,118,408	40.37	.0156	.63	1.29
1907	France............francs..	153,949,000	30,020,055	35.24	.0218	.77	1.80
1906-7	Italy.................lire..	75,618,929	14,745,691	7.85	.0573	.45	4.73
1907	Holland..........gulden..	24,300,000	9,902,250	39.81	.0466	1.86	3.85
1907	Spain ....pesetas..	26,696,712	4,618,531	11.08	.0207	.23	1.71
1907	Belgium ....francs..	17,987,924	3,507,645	24.57	.0203	.50	1.68
	Total	....	188,359,720				
1907	United States..............	....	[c]60,135,181	82.60	.0084	.69	.69

[a] Otto Licht.
[b] Estimated by Doctor Mikusch, Vienna.
[c] 1908 revenue collected, $49,984,995; figures on 1908 consumption not available.

At least for Europe, the advantages of this policy are manifold. In the first place, the $188,000,000 annually collected in revenues from consumption and other forms of internal sugar taxes is a far greater amount than they ever collected on sugar imports. In the second

place, their people pay less per pound for their sugar than they did before, or than they probably would now if the world depended exclusively on the Tropics for its sugar supply. In the third place, they keep at home from $250,000,000 to $300,000,000 which they would otherwise be compelled to send to the Tropics every year to purchase their sugar. In the fourth place, they annually draw from $150,000,000 to $200,000,000 from other countries in payment of the sugar they export. In the fifth place, they give employment to their people and their capital. In the sixth place, without increasing their cultivated area (which is impossible), they produce several hundred million dollars' worth of wheat, barley, flax, and potatoes in excess of what they could possibly produce on the same acreage if they did not have the sugar beet to rotate with. This is what the Europeans call statesmanship and is the reason they have decorated most of the men who have distinguished themselves in the line of sugar production. Their theory is that, in any event, government revenues must be raised; that if they import all their sugar and collect an import duty on it of 2 cents per pound, it raises the price of sugar by that amount; that if, on the other hand, they foster the industry and produce their sugar at home and levy on it a consumption tax of 2 cents per pound, they collect the same amount of revenue, the consumer pays his government no more in taxes, and the countries are enriched by half a billion dollars a year, which compensates many times over the difference in cost between tropical and temperate zone sugar. It is quite in line with Lincoln's statement that "I don't know much about political economy, but I do know that when we purchase a ton of steel rails from Great Britain for a hundred dollars, we get the rails and Great Britain gets the money, and when we produce the rails from our own mines and in our own mills, we have both the money and the rails."

THE DANGER POINTS IN THE SUGAR WORLD, AS SEEN BY EUROPEAN SUGAR MEN.

The authorities I met naturally were pleased at our comparative inaction relative to expanding our home beet-sugar industry. They said that for a few years after the passage of the Dingley tariff bill they were alarmed at our rapid erection of factories, but that when the Spanish-American war terminated and we began to develop a colonial policy so different from what they say could possibly exist in any European country, their fear of the mainland industry ceased and their apprehension was transferred to Cuba and our colonial possessions.

Since the Dutch Government enacted laws which prohibit the further expansion of the cane area in Java, Europe has ceased to worry about the future sugar output of that island.

They say they predicted the extermination by sugar of all other agricultural industries in Hawaii and Porto Rico, but that they fear neither of these islands, regarding 600,000 to 750,000 tons as the maximum capacity of each.

But they can't talk of either Cuba or the Philippines without using expletives. They feel that Cuba, with sufficient labor, is capable of producing anywhere from six to twelve million tons a year, and that the Philippines could easily produce as much more. They are

expecting that if we make any further tariff concessions to Cuba, Cuba will find a way to coax the tobacco and other laborers onto the sugar plantations and go on doubling up her sugar crop, and that if we make any considerable concession to the Philippines, American and other exploiters will go in there and, with the aid of native and Japanese laborers, become a tremendous sugar-producing country in an incredibly short space of time, eventually forcing into the British market all duty-paid sugar, including that of Cuba, which now comes to United States ports.

The only other point they fear is Formosa, which is within 100 miles of, but not regarded as being as good a sugar country as, the Philippines.

Formosa is ordering millions of dollars' worth of sugar-making machinery in Europe. One consulting sugar engineer told me that 4 of the largest German sugar-machinery houses had each advised him that they were swamped with work, each house stating that it had received the entire order for all the sugar-making machinery which the Japanese were putting into Formosa. He calculated that the Japanese had two reasons for misleading the machinery manufacturers—one because such a statement would secure them the lowest possible price for the machinery, the other that for a time it would conceal the magnitude of their operations.

SUGAR PRODUCTION IN THE ORIENT, JAVA, AND THE PHILIPPINES.

I did not go to Europe with the expectation of learning anything of note about tropical sugar production. At every turn, however, I found people who were as thoroughly posted on the general tropical sugar situation as they were on their own Temperate Zone production of beet sugar, and at Amsterdam I had the pleasure of interviewing a world-renowned tropical sugar expert and authority, who had just returned after a seventeen years' residence in Java, next door to the Philippines.

In the latter eighties a serious blight struck the Javan cane, and while its progress was slow, it was sure, and it threatened the total extinction of the sugar industry. In 1891 the Javan planters appealed to the mother country for aid, and Mr. H. C. Prinsen-Geerligs, already a noted scientist in the sugar world, was selected to go out to the island and try and save the industry. Mr. Geerligs went out and took charge of the experimental station, and largely through his efforts not only has the industry been saved, but it has been built up from a few hundred thousand tons to nearly a million and a quarter tons, making it the second largest tropical sugar-producing section in the world.

Mr. Geerligs talked freely, but modestly, of his great work in Java. Perhaps all that will interest this honorable committee is contained in the following from my notes, which were made at the termination of the interview:

They (the 177 Javan sugar planters, whose estates last year produced 1,210,197 tons of sugar) are all independent financially, but are all members of the Sugar Planters' Association and work together. Practically all of them live in Holland. They have all made money, but the people of the islands are just as poor as ever—30,000,000 natives, 60,000 Hollanders and half-castes. Thirty thousand Dutch and native soldiers in all the Dutch possessions. Wage rate: Men, 6d.; women, 2½d.; boys, 2d. per day. Women and boys do only light

work. • Abundance of people. When planters want laborers they send criers through the towns and get all they want. Pay off every few days, and natives spend their money quickly. The country was occupied 1,200 years ago, but was given up later on. Ruins of most beautiful palaces are still there, but the natives deteriorated as soon as left to themselves. Every inch of ground now cultivated. One who had not been there in ten years would not recognize it. Far more generally cultivated than Holland and Belgium, yet believes that if left to themselves for ten years only rusty railroad tracks and ruins would indicate that civilization had ever been there. The Filipinos are practically the same race of people. Holland can not colonize Java; can merely hold it. The soil is very poor, far inferior to that of the Philippines, which is exceedingly rich. Largely by fertilization have doubled the sugar crop without greatly increasing the acreage. Use much ammonia and oil cake. Without any tariff favors Philippines can compete with the world in sugar production. In no event will the building up of the sugar industry benefit the people of the Philippines. The money will all go to absentee people of wealth. Java enjoys no tariff concessions and asks for none. She has driven European sugar out of China, largely out of India, and partly out of Persia. At 1½ cents per pound Java can make 40 per cent profit, and the Philippines can do much better with modern methods. Fears large production in Formosa. Java has good climate for sugar—always warm, but soil is very poor. Parties wanted him to go into a sugar enterprise in Porto Rico, but he declined, for reason that we had not settled Philippine matters, and that if we encouraged Philippines they would eventually ruin Porto Rican sugar industry, as well as home beet and cane and Hawaii.

To further show the standing of Mr. Geerligs, I reproduce the following from London Tropical Life of May, 1908:

THE MANUFACTURE OF CANE SUGAR IN JAVA.

As foreshadowed in our sketch of Mr. Prinsen-Geerligs in the October (1907) issue of Tropical Life, that well-known authority on sugar has published an important work on cane-sugar manufacture, a book the contents of which have already made their mark in the sugar-producing world. That part of the book dealing with the chemical as well as the mechanical processes in the industry prove that they have been written by a man of great experience and high capacities. His work is of great value for the practical sugar manufacturer.

* * * * * * *

When one compares these accounts with those to hand from a primitive center like India, he is either inclined to feel that the Indian cultivator is in an utterly hopeless state, or that the sooner an English Prinsen-Geerligs is discovered and sent to improve the cultivation and manufacture of sugar in India as "P. G." has done in Java the better for the financial position of our eastern empire.

* * * * * * *

The present book runs into 450 pages, is beautifully printed, and bound in a strong, handsome cover, very attractive to the eye.

* * * * * * *

Although constantly in correspondence with Mr. Geerligs on the subject, that gentleman, with his usual modesty, omitted to mention the following interesting function, particulars of which we owe to our contemporary, the International Sugar Journal, which reports that "Mr. Prinsen-Geerligs, whose connection with the Javan sugar industry is about to terminate, has been the recipient of well-deserved honors at the hands of the syndicate of Java sugar planters, who have presented him with gold, silver, and bronze medals in virtue of his distinguished services as a director of their experiment stations."

Everyone interested in sugar cultivation will agree with the International Sugar Journal that the honor, unique in its way, is well deserved.

It will also please his English friends to learn that the Dutch Government has recently, as a proof of their appreciation of his services, appointed him an officer of the Orange Nassau Order. Meanwhile we are looking forward to the pleasure of a visit from Mr. Geerligs at an early date, as he is resigning his post in Java to take up his residence in Amsterdam as a consultant.

Further evidence covering the cost of production in the Philippines under antiquated methods was contained in a statement of E. R. Luzuriaga, of Bacolod, Negros Occidental, P. I., and furnished the

Senate Committee on the Philippines by Senator Hale. Is is as follows:

Senator HALE. I suppose you have seen the figures that he has made as to the cost of producing 100 pounds of sugar on his own plantation or farm or estate, and of six or eight others, as given to me. He states the cost upon his own was 69 cents per hundred pounds; in the next estate, 62 cents; in the next, 74; in the next, 74; in the next, 70; in the two later ones he names, 82 and 89; and the selling price of his own, as against 69, is $1.735; against 62, $1.59; against 74, $1.62; and against the other 74, $1.48; and against 70, $1.70, or a net profit per hundred pounds ranging from 64.76 to 90 per cent. * * *

The letter, a copy of which has been given to me, is stated to be confidential and I will not put it in. It is from E. R. Luzuriaga, Bacolod, Negros Occidental, P. I., and dated February 9, 1905.

Now, I do not know, as the letter is stated to be confidential, how much, if any, of it the committee ought to use. In reading it over hurriedly I did not notice that it was marked confidential. These are the figures, to which I have referred, that accompany that letter.

SUMMARY.

Estate.	Acres.	Sugar.	Sugar per acre.	Cost per 100 pounds.	Selling price.	Profit per 100 pounds.	Per cent profit.
Commissioner Luzuriaga	150	481,250	3,208	$0.694	$1.735	$1.041	180
Señor Juan Arineat	37.5	191,125	5,096	.6218	1.59	.769	155
Señor Ramos	187.5	440,000	2,346	.743	1.62	.976	131
Señor Juan Cabancar	1,500	5,500,000	3,666	.743	1.487	.744	100
Señor Fredrico Inatti				.707 .82 .892	1.70	.993	140
Average	468.75	415,593	3,579	.744	1.625	.944	135

If still further evidence were needed to corroborate these figures and Mr. Geerlig's views concerning the Philippines, it is furnished by an article in the Manila Bulletin of September, 1907.

The Bulletin states that in the Bais district of Negros Señor Felix Montenegro and his brother-in-law, Señor Jose Bocanegra, large hacienderos have each put in a Buffalo-Pitts steam plow, each of which at an expense of $10 a day does the work of 50 men and 100 carabao; that both plows are operated by natives, and each will take care of 625 acres. The Bulletin states that Montenegro had a worn-out cane field, which he had plowed seven times with a Chinese plow the preceding year and yet failed to get a crop; that he plowed this field 14 inches deep with his steam plow; that he had worked his cane through his primitive mill, which was 22 years old, but "is still in serviceable condition" and in which he "estimates that he loses easily 20 per cent of his sugar in the milling," and yet with this antiquated mill his yield from the "worn-out" land, which would produce nothing when plowed seven times in the customary Philippine manner, was 11,619 pounds, or over 5½ tons of sugar per acre. The Bulletin states that the soil is 12 feet deep and that it is in such good condition that Montenegro has replanted it to cane without replowing. The Bulletin states that the wage rate is from 10 to 12 pesos per month, or from 19 to 23 cents per day. Señor Montenegro estimates his loss of juice at 20 per cent in the grinding, and there is a further average loss in the Philippines of 35 per cent in the boiling, and yet Señor Montenegro marketed 11,619 pounds of sugar per acre from so-called "worn-out" soil that presumably, like the other sugar lands of

the Philippines, has been constantly in cane for thirty to forty years without a particle of fertilizer ever having been applied to it.

After nearly twenty years of the most scientific work in Java, under a Prinsen-Geerligs, with the use of vast quantities of expensive fertilizers, the most modern and scientifically conducted mills in the world, they have been able to bring the Javan production up to 9,477 pounds of sugar per acre, or 81 per cent of what they are able to get in the Philippines simply by steam plowing, with no science, no fertilization, and a process that loses 20 per cent of the juice in extraction and 35 per cent in the boiling. Mr. Geerligs said that at 1½ cents per pound the Javan sugar planters could make 40 per cent, and that the Philippines with their rich soils could produce much more cheaply, which statement would seem to be fully confirmed by Señor Montenegro's simple and comparatively inexpensive method of installing a $5,000 Buffalo-Pitts steam plow and without the installation of a modern mill.

The question might well be asked why capital has not gone into the Philippines and developed the industry if there they can produce sugar so cheaply. It might be answered by asking why it did not go into Java long ago, instead of waiting until a comparatively recent date, even though the Dutch maintained a stable government in Java, which Spain did not do in the Philippines, while since American occupation their future tariff relations with the United States have not been determined and capital is a very timid article. Throw open our doors to Philippine sugar and the question will be asked no longer Under such conditions it would not take a Prinsen-Geerligs to flood the world with oriental sugar.

It will be seen from the following table that with all his skill and expensive fertilizers and sugar machinery Mr. Prinsen-Geerligs has been able to bring the yield of 10 of the 177 Javan sugar estates up to a point approximating what Señor Montenegro has done on the "worn-out" sugar lands of the Philippines with neither skill, fertilizers, or a modern sugar mill:

Javan sugar production, 1893–1907.

Year.	Sugar production.	Number of estates.	Acres in cane.	Maximum yield of sugar per acre.	Number of estates making more than 5 tons per acre.
	Metric tons.			*Long tons.*	
1893	479,660				
1894	484,260				
1895	537,690				
1896	490,061				
1897	548,611				
1898	725,030	188	198,500	5.1	1
1899	762,447	183	206,440	5.7	2
1900	744,257	183	224,100	5.2	1
1901	803,735	182	242,100	5.0	0
1902	897,130	183	256,000	5.3	1
1903	952,307	178	249,000	5.8	7
1904	1,055,043	176	259,000	5.18	9
1905	1,039,178	173	260,490	5.10	7
1906	1,067,798	176	272,970	4.19	0
1907	1,210,197	176	285,017	5.15	10
1908		177	285,289		

NOTE.—1903–1907 figures from Summary of Commerce and Finance, January, 1908, pp. 2640-2741. Figures 1893 to 1898 prepared by H. C. Prensin-Geerligs.

SUGAR PRODUCTION AS AFFECTED BY THE COLONIAL POLICIES OF EUROPE AND THE UNITED STATES.

With the sole exception of France, no European country, not excepting Great Britain, gives preferential treatment to colonial sugars when arriving at the customs-houses of the mother country, and the French sugar manufacturers are not afraid of sugar exploitation in the French colonies. As one French beet-sugar manufacturer put it to me:

> Colonial sugar comes to Marseille and Bordeaux, far removed from any beet-sugar factory, where it is refined. We are not afraid of French colonial sugar competition. The French Government would not permit the exploitation of the sugar industry of its colonies, to the great detriment of the home industry. French capitalists recognize this fact and stay out of it. The owners of those colonial sugar estates are mostly niggers. They are lazy, and not provident or enterprising. In a good year they make a lot of money and spend double what they make. The next year they go in debt.

With the exception of Holland, all European sugar-producing countries maintain a sufficiently high import duty on sugar to protect the home industry from competition with tropical cane sugar, and Holland deftly imposes such restrictions on the refining of sugar as to prevent absolutely the refining of cane sugar within the kingdom. Holland capitalists residing in the mother country have invested between one and two hundred million dollars in the sugar industry of the island of Java, a Dutch colonial possession, which now produces nearly a million and a quarter tons of sugar annually. Not only is Javan sugar not exempt from these prohibitive restrictions on the refining of cane sugar, but the restrictions were devised and executed for the express purpose of preventing Dutch capitalists from exploiting a Dutch colony with Dutch money, to the detriment of Dutch farmers and Dutch capitalists, who were producing sugar in the mother country.

Nor was this all. In order to prevent the further exploitation of the Javan sugar industry, which was gradually eliminating the rice fields of the natives, and by overproduction and consequent lowering of the world price for sugar was threatening to injure the Dutch exportations of home-produced sugar, the Dutch Government has enacted laws which prohibit the further expansion of cane fields in the Dutch colony of Java.

It thus appears that European statesmen are a unit in the purpose to prevent the exploitation of the tropical sugar industry, whether it be to the detriment of their customs revenues or of their home sugar industry, and French, English, German, Belgian, and Dutch capitalists are effectually prevented from exploiting it under the flags of their own countries.

But while Europe has been discouraging and preventing its citizens from this work, at great cost to our revenues and to our industries, we have been providing fruitful fields for the investment of this medley of expatriated capital. We invited them to join our band of expatriated American capital in Hawaii, and with imported contract coolie labor of the lowest type exploit the cane-sugar industry of those islands and crush out all other industries. Their sugar was given free admittance to our markets, and from 1876 to 1905 we made them all rich by giving them over $150,000,000 of the people's money, which would otherwise have been collected on the sugar they

sent us free of duty. At the present time their already bursting wallets are being replenished by the American people to the extent of $17,000,000 a year.

We invited another cluster of French, Belgian, English, and German capitalists to join with us in crushing out the small sugar and coffee planters of Porto Rico and exploit the island with modern cane-sugar mills. Just what was predicted has come to pass. The native planters are landless, their mills have been abandoned and are going to rust, they are employed at low wage rates by the exploiters, and the American people are footing the bills at the rate of nearly $8,000,000 a year.

We invited a still larger cluster of this medley of foreigners to join a similar class of Americans in exploiting the sugar industry of Cuba. They responded with alacrity, and it now takes over $10,000,000 a year of the people's money to satisfy them, and still they are not satisfied, but are clamoring for more.

Altogether the tidy sum the American people hand over to this bevy of exploiters of expatriated capital amounts to $35,000,000 annually, and is equal to one-half the value of all the merchandise we sell the people of those islands, while the exploiters market their products with us to the value of four times the amount of their gratuity.

These exploiters sold us the bulk of the more than five and one-half billion pounds of sugar we imported in 1907, most of which otherwise would have been produced on American farms, and, at 3½ cents per pound for beets and labor, would have placed $200,000,000 in the pockets of our farmers and laboring men.

Based on the average yield and value of wheat per acre raised in the United States during the past ten years, the average amount of sugar raised per acre on American beet-sugar farms in 1907, and taking 2¼ cents per pound as the average foreign and freight cost of the sugar imported in 1907, it shows that in exchanging domestic wheat for imported sugar it took all the money we received for all the wheat we raised on over 13,000,000 acres to purchase the sugar we could have produced at home on less than two and one-quarter million acres.

To pay foreign exploiters a cash bonus of $35,000,000 a year, thereby depriving our farmers and laborers of $200,000,000 a year, and compel our farmers to cultivate 13 acres in order to earn as much money as they could otherwise earn on two and one-quarter acres, thereby tilling ten and three-quarter million extra acres without additional recompense, virtually losing the use of that vast and valuable area, would not seem to be in harmony with sound political economy.

CUBAN RECIPROCITY TREATY RESPONSIBLE FOR EUROPEAN DISCRIMINATION AGAINST OUR EXPORTS.

I failed to discover any sentiment in the European sugar world which was antagonistic to our home beet-sugar industry. They seem to regard the production of beet sugar by a temperate-zone country as a heritage fraught with such marvelous economic results that it would be presumptuous to a degree for any nation to feel ill tempered because another nation established such laws as would enable it to produce its sugar at home. If we placed the duty on sugar at

10 cents or even $1 a pound, there would never be a murmur from Europe. What they do object to is to have a nation of which they are amongst its very best customers, after having erected a reasonable tariff on sugar—one of their important exports—proceed to make concessions from that tariff to tropical countries which can produce sugar more cheaply than they can in Europe, and still charge Europeans full tariff rates, thereby excluding their sugars from our markets, except when, as at the present time, the world's surplus of sugar is small. They do not consider this a "square deal" in any sense of the word, and see, or affect to see, no possible justification for it. Most of them have resented it by striking back at us on our principal exports, notably on our meat products, and it would appear that, however we may fix the tariff, they will continue to find ways to strike back, if not openly, then secretly, as long as we discriminate against their export sugar.

Both before going abroad and while abroad I was credibly informed by high sources that the fundamental cause of our recent tariff troubles with Germany was the Cuban reciprocity treaty, by which the sugar of our second-best customer was excluded from our markets for the benefit of a country which buys but little from us.

Nearly everywhere I went in the sugar districts of Europe our consuls seemed to be mystified at our not producing our sugar at home. They note the wonderful results produced all about them by the beet-sugar industry, and wonder that we are not building scores of new factories every year instead of seeming to coax the Tropics to produce it for us. One of our veteran and most distinguished consuls, a thinker and a political economist of note, a man who loves the soil and appreciates the value of agriculture, looked over my letters of introduction and in a gruff voice greeted me with the remark: "Well, why in h—— don't you produce your own sugar?" He had studied the agricultural side of the question carefully, had seen that we produced a fair tonnage of good beets, and was inclined to blame the American sugar men for not availing themselves of the opportunity to produce the $100,000,000 worth of sugar we annually import. I will not deny the fact that on behalf of the industry I disclaimed any responsibility for such a condition of affairs, and that I laid the blame for it at the doors of Congress, and primarily at the door of this honorable committee, without whose initiative and aid we would have made no Cuban reciprocity treaty and had no continued Philippine free trade agitation. I told him frankly that the Cuban treaty agitation at its very inception blocked the erection of 86 projected new American beet-sugar plants, in which there was to have been invested $49,000,000, and which alone would have produced several hundred thousand tons of sugar a year, and that as a direct result of that treaty a like amount of American capital had gone into new Cuban sugar factories, and that these new Cuban factories were now supplying us with the sugar we had been preparing to produce in new American factories. I will not quote the gentleman's comments, which were forceful, if not elegant.

After calling at one of our embassies, I made the following notes:

He is very much interested in our sugar industry, has observed its great economic advantages in Europe, and wonders why we do not adopt a fixed policy which will result in our producing all our sugar at home. Says a further reduction to Cuba or the Philippines, especially Cuba, would make the

people over here furious and immediately result in their exclusion of our meats as the best means of hitting back at us. Says they have already largely excluded it and they would finish the job.

Naturally most of our consuls abroad are cautious when expressing themselves on a subject which is constantly before the legislative branch of our Government and in which the executive branch seems to be deeply interested. It is evident, however, that their views on the subject are in accord with those of the governments of Europe, which would be unable to weather the storm if in any way they injured or retarded the development of agrarian interests, which in the parliaments of Europe are becoming stronger and stronger with each succeeding year.

SIGNIFICANT TESTIMONY.

Eleven years ago the people who advocated the establishment of the beet-sugar industry in America were laughed at by their enemies, who claimed that the sugar beet was an exotic, a hothouse plant, which could never be made to yield sugar at a reasonable price in the United States. I now see that Messrs. Atkins, Spreckels, and Stillman are contending for further tariff concessions, on the alleged ground that American beet sugar can be laid down in Chicago for very much less money than they can lay down tropical cane sugar at the same point. Their present argument is as fallacious as their former one has proven to be, as I will show elsewhere. Their reason for desiring a change in the tariff on sugar is plainly stated on page 432 of the hearings:

Mr. FORDNEY. A complete cessation of the production of either cane or beet sugar in this country, then, would increase your business as refiners?

Mr. STILLMAN. Yes, sir.

Mr. FORDNEY. And that is why you would like to have the difference in the tariff?

Mr. STILLMAN. That is why. I would like to increase our business.

There are those who would have us believe we can let in a half million tons of Philippine sugar without its costing the American people a penny, without reducing the price of sugar, and thus without injury to the home sugar manufacturers, and with great benefit to the struggling Filipino planter. We let in a few hundred thousand tons of Porto Rican sugar, with the result that the mills of the struggling Porto Rican sugar planters are all abandoned—supplanted by the modern mills of rich alien owners, who spend their money in other lands. Supplanting 500,000 tons of full duty-paid sugar with a like amount of free tropical sugar depletes our national revenues by $16,500,000 a year, and that it injures the American producer already has been shown to this committee.

Gentlemen who have appeared before this honorable committee and presented specious arguments in favor of reducing the duty on sugar contend that one section of the United States could produce beet sugar at a very low cost and could stand a lower rate of duty, and that the sections not so favorably situated should abandon the industry and move and concentrate their factories at the point of cheapest production. This is but an echo of the old free-trade heresy of buying in the cheapest market and selling in the dearest. Furthermore, it is economically wrong. Carried out to its logical conclusion, this principle would give us a wheat State, a corn State, an

oats State, a barley State, a cotton State, an apple State a peach State, and all sorts of specialized States; and when the drought struck Dakota we would go without bread, and when the grasshoppers struck Kansas our stock would starve for lack of corn, and when the frost struck Maryland we would go without peaches, and when the boll weevil struck Texas we would go without clothes, and when a hailstorm swept over Colorado we would go without sugar. There would not be a year but what we would be compelled to go without some commodity we need for our well-being, and the science of rotation, the greatest in agriculture, would be a thing of the past.

While the concession to Cuba was under consideration in 1902 and 1903 the opponents of the concession contended before this honorable committee that the purchasers of the sugar, and not the planters, would be the main beneficiaries if you granted the concession asked for.

On November 17 last Mr. Spreckels admitted to you that there are times when "we get the full benefit of the reduction of the tariff, about 35 cents a hundred pounds."

The terms of the Brussels agreement provide that where the aid or bounty or favors granted to the producers of sugar exceed 2½ francs, or about 50 cents per hundred pounds, such sugar will be excluded from the markets of the signatory powers; and not having exceeded that amount in our 20 per cent concession to Cuba and 25 per cent concession to the Philippines, the markets of the world are still open to those sugars; in fact, some of the former and the bulk of the latter is now marketed in world markets outside of the United States.

Further concessions to these sugars would undoubtedly close all other markets to them, thus compelling their sale in our markets; and if under present conditions, as Mr. Spreckels asserts, there are times when he can absorb the entire concession, it does not require much acumen to make an accurate guess as to what would happen to the Cuban and Philippine planters when all other markets were closed to their sugar.

The fact has been reasonably well established that sugar has been responsible for many revolutions in the Tropics, and it would appear from the testimony before this honorable committee that the danger of a repetition of such revolutions is not entirely behind us. In the past these revolutions have sometimes been successful, as in the case of Hawaii; sometimes partially successful, as in the case of Cuba; and sometimes they have met with ignominious failure, as in the case of Santo Domingo. In a plea for further reduction of tariff on Cuban sugars, this honorable committee has been told that—

> As long as the island is prosperous and under some form of United States control, a republican government may be maintained; but should her great sugar industry be made unprofitable, either by cancellation of the treaty or by long continuance of the present high duty against her sugar, revolution, fed by her unemployed, is sure to result in the future as it has under similar circumstances in the past.

You have also been told that these revolutions—

> Will be repeated unless the Cubans can govern themselves and maintain order and protect the lives of Englishmen and Germans and Frenchmen and Spaniards on the island, and protect their property.

This foreign capital in the sugar industry of Cuba, as well as in Hawaii and Porto Rico, is there because the home governments of the owners of it have prohibited its use under their own flag, to the detriment of their home sugar industry. These exploiters are regarded as a menace to the interests of their native countries, by whom they are treated with scant courtesy and less consideration. They join a similar class of Americans, and force tariff concessions from us which injure and stop the development of our home industries, and they wave before you the flag of revolution and bloodshed, which flag they predict will be carried into Cuba if you do not consent to further injure or destroy our home industries for their special benefit.

The worst that could happen if you accede to the demands of this expatriated capital would be the blotting out of the already enormous investment in beet-sugar factories and the taking from our people their richest agricultural and industrial heritage, which is theirs by right. Furthermore, if such a policy were adopted and adhered to, it would work a great hardship on 150,000 sugar-beet raisers, it would blight the growth of many of our far Western States, and it would rob our $40,000,000 worth of reclamation work of its greatest asset.

Already you have clipped the wings of the beet-sugar industry by stopping further development. Where formerly from 4 to 11 new factories were erected in a season, we now have no more factories than we had in 1906, and yet the production of sugar from American-grown beets has increased from 312,000 tons in 1905 to 463,000 tons in 1907, showing that as they become familiar with the industry our farmers are more and more anxious to engage in it.

The beet-sugar industry has "made good." The promises you made in 1896 have resulted in this 1,100 per cent increase of production in eleven years. What capital now needs is a reiteration of the assurances made in 1896 and 1900, when the dominant party proclaimed that instead of coaxing the Tropics to produce our sugar we were going to produce it by American labor on American farms and in American mills.

For the purpose of arresting your attention and inviting your most serious reflections on this important subject, I have laid before you the opinions of some of the ablest thinkers in the world, and surely the ablest men who have studied the sugar problems. I have given you the opinions of the greatest political economists on sugar in the world, the greatest sugar chemists in the world, the greatest sugar engineers in the world, the greatest sugar-beet-seed growers in the world, the most extensive growers of beets in the world, the greatest producers of beet sugar in the world, the largest sugar brokers in the world, the most renowned editors of sugar journals in the world, as well as the opinions of European officials and government representatives, and some of our most distinguished representatives abroad. Could their views be summed up in one sentence it would be that you can't well ride two horses going in opposite directions, and that if the maintenance and expansion of the home sugar industry be of concern to this honorable committee, and I believe it is, you will be inviting disaster if you tamper with the present sugar schedule, under which the home industry has shown its greatest development.

TRUMAN G. PALMER, *Secretary*.

EXHIBIT A.

DEPARTMENT OF STATE,
Washington, January 27, 1906.

Hon. HENRY M. TELLER,
United States Senate.

SIR: In reply to your letter of the 20th instant, I have the honor to inclose a statement, prepared in this department, of the customs duties imposed on importations of various grades of sugar by England, France, Germany, Russia, Austria-Hungary, Holland, Belgium, Spain, and Italy, respectively, and to inform you that none of the countries named therein, with the sole exception of France, gives preferential treatment to sugar arriving at the custom-houses of the home country from its colonies. France exempts sugar imported from her colonies from the payment of import duty, imposing only the consumption duty, while sugar imported from foreign countries is subject to the payment of both the import duty and the consumption duty, as will be seen in the accompanying statement. I have the honor to be, sir,

Your obedient servant,

ELIHU ROOT.

Statement of customs duties imposed by certain foreign countries on imports of various grades of sugar.

[Countries where sugar is provisionally liable to special duty are omitted, the United States not being included therein.]

Tariff classification.	Rates of duty per 100 kilos. Domestic value.	Rates of duty per 100 kilos. United States equivalent.
AUSTRIA-HUNGARY.		
	Florins.	
Raw sugar under 98 per cent polarization	2.20	$0.893
Refined sugar and all sugar of 98 polarization and over	2.40	.974
Molasses	6.00	2.436
(Consumption duty on sugar in addition: 38 kronen ($7.714) per 100 kilos.)		
BELGIUM.		
	Francs.	
Juices and raw cane or beet sugars	25.50	4.921
Refined sugars	25.50	4.921
Sugar to be used in the manufacture of vegetable preserves, confectionery, fruit jellies or sirups, condensed milk and milk foods, and also (subject to previous denaturation) sugar for industrial purposes or for cattle foods	5.50	1.061
Sugar to be used in the manufacture of invert sugar	20.50	3.956
Sirups and molasses produced in the manufacture or refining of sugars:		
Of a total saccharine richness not exceeding 50 per cent	10.00	1.93
Of a total saccharine richness exceeding 50 per cent	15.00	2.895
FRANCE.		
Raw sugars, the estimated yield at the refinery being:		
98 per cent or less—		
Consumption duty	25.00	4.825
Import duty	5.50	1.061
More than 98 per cent—		
Consumption duty	25.00	4.825
Import duty	6.00	1.158
Refined sugars, other than candy		
Consumption duty	25.00	4.825
Import duty	6.00	1.158
(A refining tax of 2 francs ($0.386) per 100 kilos is also levied on raw sugar and refined other than candies. A superintendence tax is also leviable on the importation of sugar at the rate of 8 centimes ($0.015) per 100 kilos of refined, net weight.)		
(Sugar imported from French colonies is exempted from payment of the import duty.)		

***Statement of customs duties imposed by certain foreign countries on imports of various grades of sugar*—Continued.**

Tariff classification.	Rates of duty per 100 kilos. Domestic value.	United States equivalent.
FRANCE—continued.		
Molasses:		
Other than for distillation, having a saccharine richness of—	*Florins.*	
50 per cent or less (import duty)	20.75	$4.004
More than 50 per cent (import duty)	42.90	8.279
For distillation, for each degree of saccharine richness (import duty)	.20	.038
GERMANY.		
Sugar:	*Marks.*	
Refined	18.80	4.474
Raw or unrefined	18.40	4.379
Sirup and molasses	40.00	9.52
HOLLAND.		
Unrefined (excise duty):	*Florins.*	
Of a saccharine richness of 98 per cent or higher	27.00	10.854
Of a saccharine richness of less then 98 per cent for every percentage of quality	[a] 0.27	.108
Melada, molasses, sirups, and other saccharine fluids (excise duty)	6.00	2.412
(When the degree of purity of these fluids exceeds 68, the excise shall be raised by 36 cents ($0.144) for every unit above 68.)		
Refined (excise duty): Loaf and lump and all sugars not specially mentioned	27.00	10.854
ITALY.		
	Lire.	
Sugar yielding more than 94 per cent of refined sugar	99.00	19.107
Sugars, other	88.00	16.984
Molasses, raw, for the manufacture of blacking, of coloring extracts, etc., (subject to denaturation)	1.00	.193
Cane molasses, for the manufacture of coffee substitutes (under control)	Free.	Free.
Other molasses	10.00	1.93
SPAIN.		
	Pesetas.	
Sugar, glucose, liquid caramel, and other analogous products	85.00	16.405
Molasses and honey:		
Containing more than 50 per cent of crystallizable sugar	80.00	15.44
Containing up to 50 per cent of crystallizable sugar	40.00	7.72
RUSSIA.		
	Rubles.	
Sugar, raw ... per pound	4.50	2.317
Sugar, refined in loaves, pieces or lump, and sugar candy ... do	6.00	3.090
Molasses ... do	1.80	.927
UNITED KINGDOM.		
Sugar:	*£. s. d.*	
Not exceeding 76° of polarization	0 2 0	.486
Exceeding 76° and not exceeding 77°	0 2 0.8	.502
Exceeding 77° and not exceeding 78°	0 2 1.6	.518
Exceeding 78° and not exceeding 79°	0 2 2.4	.534
Exceeding 79° and not exceeding 80°	0 2 3.2	.55
Exceeding 80° and not exceeding 81°	0 2 4.0	.566
Exceeding 81° and not exceeding 82°	0 2 4.8	.582
Exceeding 82° and not exceeding 83°	0 2 5.6	.598
Exceeding 83° and not exceeding 84°	0 2 6.5	.616
Exceeding 84° and not exceeding 85°	0 2 7.4	.634
Exceeding 85° and not exceeding 86°	0 5 8.3	.652
Exceeding 86° and not exceeding 87°	0 2 9.2	.67
Exceeding 87° and not exceeding 88°	0 2 10.2	.69
Exceeding 88° and not exceeding 89°	0 2 11.2	.71
Exceeding 89° and not exceeding 90°	0 3 .4	.737
Exceeding 90° and not exceeding 91°	0 3 1.6	.761
Exceeding 91° and not exceeding 92°	0 3 2.8	.785
Exceeding 92° and not exceeding 93°	0 3 4	.809
Exceeding 93° and not exceeding 94°	0 3 5.2	.833
Exceeding 94° and not exceeding 95°	0 3 6.4	.857
Exceeding 95° and not exceeding 96°	0 3 7.6	.881
Exceeding 96° and not exceeding 97°	0 3 8.8	.905
Exceeding 97° and not exceeding 98°	0 3 10	.929
Exceeding 98°	0 4 2	1.012
Molasses and invert sugar and all other sugar and extracts from sugar which can not be completely tested by the polariscope and on which duty is not otherwise charged:		
If containing 70 per cent or more of sweetening matter	0 2 9	.504
If containing less than 70 per cent and more than 50 per cent of sweetening matter	0 2 0	.486
If containing not more than 50 per cent of sweetening matter	0 1 0	.243

[a] But not less than 18 florins ($7.236) per 100 kilos.

NOTE.—One hundred kilos equals 220.46 pounds, 1 pood equals 36.112 pounds, 1 hundredweight equals 112 pounds.

CONFECTIONERY.

THE NATIONAL CONFECTIONERS' ASSOCIATION, ST. LOUIS, MO., WISHES PRESENT DUTIES UNDISTURBED.

ST. LOUIS, *December 12, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: I submit this brief in the name of the National Confectioners' Association of the United States.

The membership of said association comprises 335 manufacturing confectioners located throughout the various States of the United States and 187 allied industries.

That your honorable committee might know the views and wishes not of individual manufacturers, but of an industry, I solicited of each member of the National Confectioners' Association his views on the subject of the tariff on confectionery and the tariff on the materials of which same is made.

The great majority are in favor of making no change in the existing tariff conditions governing confectionery, the present regulation being as set forth in Schedule E, paragraph 212, in act of July 24, 1897, as follows:

> 212. Sugar candy and all confectionery not specially provided for in this act, valued at fifteen cents per pound or less, and on sugars after being refined, when tinctured, colored, or in any way adulterated, four cents per pound and fifteen per centum ad valorem; valued at more than fifteen cents per pound, fifty per centum ad valorem. The weight and the value of the immediate coverings, other than the outer packing case or other covering, shall be included in the dutiable weight and the value of the merchandise.

The provision, however, is made that if your honorable committee decides to recommend reductions of consequence in the tariff on materials of which confectionery is made, that corresponding reductions in the tariff on confectionery will be acceptable to the majority of the manufacturers of confectionery in the United States.

The principal ingredients of which confectionery is made are, in respect to their importance, as follows—the numbers opposite each name indicating the paragraph number in the present existing tariff on imports into the United States:

209, sugar; 281–282, chocolate and cocoa butter; 210, glucose or corn sirup; 269–272, nuts; 262–268, fruits; 263, fruits (preserved, etc.); 285, starch; 29, licorice; 23, gelatin; 41, peppermint oil; 210, maple sugar and sirup; 3, essential oils.

Having carefully reviewed the hearings before your honorable committee on the subject of the tariff on the above-stated articles and items, I feel we can add little of value to the information submitted by the manufacturers of same.

So far as the present duty on confectionery is concerned, it offers no advantage to the manufacturers of the United States by which their profits may be made abnormal.

The average net profit of the average large manufacturing confectioner is from 2½ to 5 per cent.

As the government records of imports show, confectionery, to some extent, is now being imported into the United States.

The cost of labor in this country is considerably more than the cost of labor in producing confectionery in foreign countries.

The cheapest wages paid in the United States vary from $3.50 per week to $6 per week, against $1.50 per week to $2.50 per week in England.

The average wages paid in the United States vary from $10 per week to $15 per week, against $5 per week to $10 per week in England.

So far as the mechanical equipment of confectionery factories is concerned, the United States is on a parity with foreign countries.

In establishing a tariff on confectionery, there should also be taken into consideration the possibilities of competition with Canada, which country, so far as its cost of production is concerned, is able to compete on a lower cost basis with the United States, allowing the same basis of costs for raw materials.

Respectfully submitted.

NATIONAL CONFECTIONERS' ASSOCIATION OF THE UNITED STATES,
V. L. PRICE, *Chairman Executive Committee.*

SUGAR.

HON. JESSE OVERSTREET, M. C., SUBMITS PETITION FOR FREE SUGAR FROM THE W. W. BACON COMPANY, WHOLESALE GROCERS, INDIANAPOLIS, IND.

DECEMBER 10, 1908.

To the honorable HOUSE OF REPRESENTATIVES,
Washington, D. C.

The undersigned respectfully ask for the removal of the duty from raw and refined sugars, in the interest both of the 80,000,000 consumers of the country and the manufacturing industries in which it is an important material. This tax amounts to 2 cents per pound on refined sugar.

We would submit that such an exorbitant tax is not justified by the conditions relating to the production or refining of sugar in this country. Leading sugar refiners have testified that they need no tariff protection against foreign refiners, and that the abolition of the duty on sugar would so greatly increase consumption that their industry would be directly benefited.

The production of sugar in this country is very small in comparison with the annual consumption, and there is no good reason why all the people should be heavily taxed in the interest of one industry.

The relatively high price of sugar operates to prevent its more general use in the manufacture of preserved fruits of all kinds, and by adding to the cost of these articles limits their consumption. While this is the greatest fruit-growing country in the world, our exports of jams, jellies, etc., are comparatively small, as we can not compete in neutral markets with countries like Great Britain, which have the advantage of cheap sugar.

We believe that this is a matter which should be decided by Congress in favor of the policy which will benefit the greater number of the people, and that the interests of the consumers should receive the consideration to which they are entitled. The tax on sugar is paid wholly by the consumers, and is an unnecessary burden on one of their principal articles of food. The repeal of this tax would therefore be an unquestioned advantage to the people of the entire country.

THE W. W. BACON CO.

A similar petition was received from Kuhn & Bro. Company, Pittsburg, Pa.

SCHEDULE F.—TOBACCO AND MANUFACTURES OF.

CIGARS.

HON. EDWIN DENBY, M. C., FILES LETTER OF JOHN C. SULLIVAN, DETROIT, MICH., URGING INCREASE IN DUTY ON CIGARS.

DETROIT, MICH., *November 27, 1908.*

Hon. EDWIN DENBY,

House of Representatives, Washington, D. C.

DEAR FRIEND DENBY: Inclosed you will please find in condensed form the result of protection for the last forty-six years. Representative Morrill, of Maine, brought in the first real protection bill before the American Congress. It was brought in as a war measure, but it proved the most beneficial measure for the American people that ever was enacted. McKinley, of blessed memory, improved on that, tin and all, not a sheet of tin being then produced in America. The Democratic party said that we could not make it. To-day I understand—and from those who ought to know—that there are 50,000 people working in tin works.

The Coates thread is another object lesson of protection. I might go on and number 50 different industries that have been created by protection. There is not any necessity of me pointing those things out to you, but I wish to recall the days preceding the war of the rebellion. A laboring man worked for 50 and 75 cents a day; to-day a laboring man gets $1.50 to $2.50; the wages of the skilled mechanic have increased in like proportion. In those good old Democratic days your small merchant was comfortably housed if he had a nice rag carpet on his floor; to-day a laborer is not satisfied, nor should he be, unless his house is nicely furnished, with a carpet of superior quality. In those days the pictures on the wall of a laboring man or a mechanic were cheap paper affairs; to-day steel engravings of the latest and most approved style only satisfy them. I contend that there is nothing too good for the workingman, but good things are only secured by high wages, and high wages are only secured by protection against 40 cents a day in foreign factories, twelve and fifteen hours' labor in foreign factories, when we ourselves are working mainly on the eight-hour system. In the good Democratic day a laboring man's shanty was hardly ever painted; now he helps the painter every three or four years. The musical instruments, pianos, etc., were confined only to those who were deemed rich in those days; the mechanic and the laboring man had to be satisfied with a jew's-harp and a mouth harp; to-day, under the system of protection, any washer or scrub woman, if she is provident, can have a piano, pianola, or house organ, and they are entitled to it. When I was a boy German cigars came free into this country, millions of them every month.

To-day we have no German cigars. German cigars were sold under our nose all over the United States, as well as in Detroit, for less money than the cigar maker was willing to make them for; to-day we turn out more cigars in one or two cities, under the system of protection, than was made in the whole United States previous to 1860, and when any person tells you that the manufacturer of goods adds the tariff tax to his wares you can tell him in parliamentary language that he is a ——— liar.

I sell goods for less than the tariff on the cheapest cigars that are imported into this country to-day.

This communication may help you, the Honorable Dalzell, of Pennsylvania, and your own colleague, the Honorable Fordney.

Every good or poor cigar imported into this country displaces a cigar made by the American workman.

It was President Roosevelt who said "that the rich man of this country had a countess, marchioness, or a princess for a daughter, and a fool for a son." If you are to touch the cigar question at all, raise the tariff on it and let the fool buy it.

Stand pat.

Yours, with kindest regards,

John C. Sullivan.

Exhibit A.

WEALTH OF THE UNITED STATES.

In 1860 the United States held the fourth rank among the manufacturing nations. Great Britain, France, and Germany were ahead of us, in the order named. We passed Great Britain in 1880, and today the aggregate of our manufactures equals that of Great Britain, Germany, and France combined. The value of our products of manufactures has doubled since 1888. The value of our exports of manufactures has doubled since 1898. Of the value of the property represented, manufactures ranks third among the great activities of the United States, agriculture being first and the railroads being second, but in the number of persons employed agriculture is the only interest which leads manufactures. Manufactures are far ahead of agriculture in the value of the products. The money invested in manufactures represents an eighth of the value of all the real and personal property in the country. The United States manufactures 35 per cent of all the manufactured products of the world. The value of the farm property of the United States increased from $7,908,000,000 in 1860 to $20,524,000,000 in 1900, and it is about $25,000,000,000 in 1908.

HAWAIIAN TOBACCO.

JARED SMITH, MANAGER, KONA (HAWAII) TOBACCO COMPANY, DEMANDS PROTECTION FOR HIS PRODUCT.

Washington, D. C., *December 10, 1908.*

There are three de facto tobacco growers in Hawaii (November, 1908), the Kona Tobacco Company, operating in Kona and Hamakua, on the island of Hawaii, one farmer in south Kona, and one

farmer in Hamakua. The crop already harvested is 3,500 pounds, and 4,000 pounds additional will be cured by December 31.

One new corporation has been formed which expects to begin operations about February, 1909, with a capitalization of $100,000. Two other corporations are in the promotion stage, one on Hawaii and one on Maui.

The Kona Tobacco Company is capitalized at $25,000. Officers: J. G. Smith, H. P. Wood, A. Coyne, C. L. Beal, and R. W. Perkins. The Kona Tobacco Company and the two farmers who are growing for us under contract produce only Cuban leaf. Two of the corporations forming on Hawaii plan to grow only Sumatra leaf, and I believe the Maui company intends growing Sumatra only.

The Kona Tobacco Company will harvest 60 acres of Cuban leaf in 1909.

Hawaii's competitors in the tobacco industry are Cuba, Sumatra, and possibly the Philippines, tropical countries only.

The tobacco plant is believed to be a native of Cuba and other West Indian islands. Cuban tobacco is considered the best cigar leaf grown anywhere.

Cuban tobacco is both filler and wrapper and is distinguished by its high flavor and aroma, fine texture, and usually good burn.

There are two main types of Cuban leaf: Vueltas, including all leaf grown on the western end of the island, and Remedios, from the Santa Clara district. Remedios are cheap, heavy filler tobaccos of high flavor, dark in colors, and usually poor burn. Vueltas comprise three-fifths of the crop and comprise the best Cuban cigar leaf, both filler and wrapper.

The estimated crop of Cuba for 1908 is 550,000 bales (of 90 pounds each). It is the first good crop, as far as quality goes, in four years.

The Cuban area planted in tobacco is 70,000 acres.

The duty on Cuban filler is 28 cents gold per pound; on wrapper, $1.48 per pound; and on stemmed wrapper, $2 per pound, Cuban duties being 20 per cent less than those on goods from other foreign countries. The duty on unstemmed wrapper is practically less than $1.48 because filler may contain 15 per cent of wrapper leaf and still be admitted on payment of filler duties. Filler containing more than 15 per cent wrapper leaf pays the higher duty.

England is the largest buyer of Cuban tobaccos. Germany is second in quantity (buying mostly Remedios and other cheaper grades), and the United States is second in values and third in quantity.

Hawaiian-grown tobacco from Cuban seed is of the Vuelta type, of fine texture, unexcelled burn, good body, mild aroma and flavor, and running largely to light colors, making it an excellent wrapper leaf.

There are 30,000 acres of virgin tobacco land in Hawaii, capable of sustaining a large and profitable industry. The best tobacco lands in Cuba have been cropped continuously in this crop for one hundred years or more, so that there has been marked deterioration in yield and quality. The 1908 crop is the first crop of good, sound, workable leaf since 1904.

The yield of Cuban leaf in Hamakua in 1908 has been over 1,000 pounds per acre, while the average Cuban yield does not exceed 600 pounds.

The superior burning qualities of the Hawaiian-grown Cuban leaf will sell it in any market, and four years out of five Cuban leaf will not burn.

The maintenance of the present duties on tobacco are necessary if a tobacco industry is to be built up in Hawaii. Brazil grows just as good tobacco as Cuba, and has twenty times the area of tobacco lands in Cuba, Porto Rico, and Hawaii combined. A reduction of the duty on tobacco would bring ruin to the whole tobacco industry of the United States, and Brazil alone would do to the whole of the American tobacco industry what she has done on a smaller financial scale to the coffee industry of Hawaii, Porto Rico, and the Philippines.

The 1907 tobacco crop from the principal mainland districts was as follows:

South Carolina, 22,000,000 pounds, at	$0.105
North Carolina, 62,000,000 pounds, at	.105
Old Belt, Virginia and North Carolina, 12,500,000 pounds, at	.096
Virginia dark, 43,000,000 pounds, at	.090
Kentucky and Tennessee dark, 130,000,000 pounds, at	.0825
Kentucky stemming, 55,000,000 pounds, at	.08
Kentucky, Ohio, and West Virginia (burley), 220,000,000 pounds, at	.14
Wisconsin, binder, 40,000,000 pounds, at	.11

Florida, Connecticut, and Pennsylvania are not included in this estimate. The industry is an enormous one, the total production of the United States exceeding 880,000,000 pounds. The production of domestic cigar leaf exceeds 300,000,000 pounds annually. This gigantic industry would be wiped out if the duty should be removed from foreign tobaccos.

SUMATRA TOBACCO.

The Sumatra tobacco coming to the American market is a wrapper leaf only. The United States imports about 40,000 bales (of 170 pounds) annually.

The total yield of the Deli district of Sumatra in 1900 was 223,000 bales, amounting to 36,915,000 pounds, valued at 37 cents per pound.

The duty paid is $1.85 per pound on wrapper and $2.50 per pound on stemmed wrapper.

England is the chief buyer of Sumatra wrapper leaf, then, in order, Germany, Austria, the United States, and France. The duty on Sumatra tobacco imported into the United States averages $12,500,000 per annum.

The average yield of Sumatra tobacco is about 750 pounds per acre. There are about 50,000 acres planted in Sumatra.

The qualities of wrapper leaf are that the tobacco should be extremely thin, silky, elastic, of good body, and burn, but without flavor and aroma. For the American market the colors must be "claro" and the sizes extraordinarily large.

The European market, which absorbs 83 per cent of the Sumatra crop, takes dark colors, and lengths mostly under 16 inches. The American market takes all light colors, and lengths over 16 inches. The demand for "claro" is so strong in the United States that Sumatra planters are adopting hothouse methods to produce enormous leaves.

The average of the first grade of Sumatra wrappers is so high as to size and delicate silkiness and thinness that 1 pound of leaf will cover 65 to 70 square feet.

The cultivation of Sumatra wrapper leaf under cloth has for its object the simulation of tropical out-of-doors climatic conditions, all to produce large, thin, silky leaves in light colors, such as the American market demands.

The labor conditions in Sumatra are interesting.

The Mexican dollar, valued at approximately $0.50 gold, is the wage unit. The laborers are Chinese coolies and Klings from Madras, India. The coolies are employed under three-year contracts, the contracts quasi-free, but no laborer can leave Sumatra unless he is provided with a passport indorsed by his last employer.

The wages during the first year of the contract are $45 Mexican per annum. The laborers, if green hands, plant no tobacco the first year, but are employed in clearing land, building ditches, roads, and preparing the fields for cultivation.

The second and third years the coolies are paid at the rate of $60 to $80 Mexican for the nine months of the tobacco campaign, and $45 Mexican for the remaining three months of the year. The wages of the laborers are therefore on a valuation of $0.50 gold per Mexican dollar for a working year of 335 days.[a]

First year of contract.

Wages=$0.067 gold, per day, second and third years of contract.

Wages=$0.15⅝ to $0.186 gold per day.

The working day is ten hours, from 6 to 11 a. m., and from 1 to 6 p. m.

On this scale of wages and in spite of the high duties this tobacco must pay to gain entrance to the American market, the best of the Deli tobacco corporations pay annual dividends of from 40 per cent to 150 per cent on a capitalization often heavily watered.

Hawaii, on a basis of 75 to 80 cents gold per working day as a base for the employment of field labor, can not directly compete with countries like Sumatra, where labor is paid on a silver basis at an equivalent daily wage of from 7 to 18 cents gold per day.

Furthermore, in Hawaii the working days per annum are fewer in number, averaging not over 300 to 303, a full thirty days' shorter year than in our tropical competitor, Sumatra.

A material decrease in the protective duties on tobacco would not decrease the price paid by the American consumer for cigars and cigarettes. It would bring ruin to an industry representing half a billion dollars of invested capital and would enable the Deli tobacco companies to pay dividends of 1,000 per cent where they now pay 100 per cent, without materially increasing the quantity or quality of their product.

The Republican party stands for the protection of American industries. Not the least of the benefits of protection in semitropical Hawaii and in the tropical possessions of the United States is that the tariff on sugar, tobacco, rice, vanilla, sisal, coffee, and pineapples enables us to maintain an American standard of living in the Tropics. Take away the tariff and Hawaii would have to either go out of business altogether or get back down to a basis of 7 cents a day for the support of a mere animal existence.

The protective duties on sugar, tobacco, and other tropical products enable Hawaii to build roads, support a school system the equal of

[a] There are no Sundays in Sumatra. The only rest days are the 1st and 16th of each month, and the only holiday Chinese New Year.

that in any mainland district of equal population, maintain an American judicial system, erect public buildings, and carry on a business of $50,000,000 per annum among our citizens and with mainland consumers and manufacturers.

Direct competition of American laborers with their higher ideals and higher standard of living is not possible with oriental coolies, whose sole ambition is to earn barely enough to live. Sugar and tobacco would still be grown in Hawaii and on the mainland were the protective tariffs to be removed or decreased, but the American, civilized standard of living would disappear.

The Dutch tobacco planters live in Amsterdam, Brussels, and Paris, and spend their profits in Europe. They are not interested in building up a civilized government in Sumatra, and forty years of successful tobacco cultivation in Deli has given to that populous province neither roads, bridges, schools, nor public buildings. Whatever quasi-public or philanthropic or quasi-governmental improvements have been made in Deli have been undertaken by private corporations for their own financial profit—a few hospitals, because the health of their laborers requires it; whore houses and saloons instead of public schools, for purely business reasons; roads and bridges, because it is necessary to transport supplies and export the produce. The cost of government is reduced to the barest limit required for administration, the collection of taxes, the maintenance of a judiciary, and a police to protect life and property interests.

The place to build up an American civilization is in the United States. That our civilization is better than that of India or China or Sumatra is not a subject for argument. Our civilization, buttressed by protection and a gold standard, will not stand direct competition with countries where there is a low standard of living, a free market, and where wages are paid on a silver or other fluctuating basis.

The planters who are growing sugar, pineapples, coffee, sisal, and tobacco in Hawaii live in Hawaii. It is our boast that our civilization is as high in standard as that of New England, and because we are what we are, and have done what we have done, we demand as a matter of right that protection, which has made progress and development possible, be not withdrawn from the support of our industries.

KONA TOBACCO CO. (Limited),
JARED G. SMITH, *Manager.*

SUMATRA WRAPPER.

HON. JOEL COOK, M. C., SUBMITS LETTER OF OTTO EISENLOHR & BROS., PHILADELPHIA, PA., RELATIVE TO WRAPPER TOBACCO.

PHILADELPHIA, *December 14, 1908.*

Hon. JOEL COOK, M. C.,
House of Representatives, Washington, D. C.

DEAR SIR: We would hereby state that we are cigar manufacturers, with an annual production of about 120,000,000 cigars, and we employ about 3,000 men and women as cigar makers, strippers, and

packers, and we are advised that certain changes in the tariff on imported wrapper tobacco are about to be considered by the Ways and Means Committee of Congress.

The absolute use of Sumatra wrappers is necessary in our business, and as the present duty of $1.85 per pound represents an increase of 35 cents per pound over the previous rate of $1.50, and as this advance had to be borne entirely by the manufacturers, thereby reducing the profits below a fair and reasonable basis, we would appreciate your coöperation in the endeavor of most of the leading manufacturers of the country to have the duty on imported wrappers reduced 20 per cent.

Thanking you in advance for such consideration as you may see fit to give the above, we are,

Yours, very truly,

OTTO EISENLOHR & BROS.

TOBACCO TAX.

HON. EDWIN DENBY, M. C., SUBMITS LETTER OF W. J. CUMMINGS, BAY CITY, MICH., RELATIVE TO TOBACCO SCHEDULE.

BAY CITY, MICH., *December 10, 1908.*

Hon. EDWIN DENBY, M. C.,
Washington, D. C.

DEAR SIR: Probably the most unfair tax in the revenue bill is that on tobacco. It is placed on an arbitrary basis of, I think, 6 cents per pound. The man who buys 15-cent tobacco pays 40 per cent, while the man who can afford $1 goods pays only 6 per cent. This is hardly fair; the one should pay less and the higher-priced article more. In the revision the figures could be made so as to return a larger amount to the Government. Personally, I am not interested, as I never use tobacco.

* * * * * * *

Yours, truly,

W. J. CUMMINGS.

SCHEDULE G.—AGRICULTURAL PRODUCTS AND PROVISIONS.

BREWERS' RICE.

HUGO REISINGER, NEW YORK CITY, IMPORTER, OBJECTS TO SUGGESTED INCREASE OF DUTY ON BREWERS' RICE.

NEW YORK CITY, *December 15, 1908.*

THE COMMITTEE ON WAYS AND MEANS,
House of Representatives.

GENTLEMEN: I am an importer of various articles. My office is at 11 Broadway, in the city of New York.

Among other articles which I import is broken rice, which I sell to brewers. This is a by-product, and by reason of the fact that it is practically exclusively used by brewers, is commonly known as "brewers' rice." It is not, however, so described in the tariff, but is designated in the tariff as "broken rice which wlil pass through a sieve known commercially as 'No. 12 wire sieve.'"

In the McKinley tariff of 1890, the Wilson tariff of 1894, and the Dingley tariff of 1897 this article has always been provided for by the same designation and at the same rate of duty, viz, one-fourth cent per pound. On January 5, 1897, a committee representing the rice industry appeared before the Committee on Ways and Means of the Fifty-fourth Congress and stated (tariff hearings before the Committee on Ways and Means, second session Fifty-fourth Congress, 1896–97, vol. 1, p. 852):

> What we ask for is that the duty shall be as follows, namely, * * * broken rice which will pass through a sieve known commercially as a "No. 12 wire sieve," one-fourth of 1 cent a pound.

The position of the rice industry appears to be the same to-day that it was in 1897, for we find in the statement of S. Locke Breaux, president of the Rice Association of America, to your honorable committee on Thursday, November 19, 1908 (see tariff hearings, No. 8, p. 754), the following:

> The foregoing premises considered, the rice interests of these United States of America pray and ask that the present tariff conditions, in so far as they affect rice, be not disturbed.

It would seem that when a duty has been unchanged for eighteen years, and the parties interested in the products in this country have twice asked that the duty be undisturbed, and no one has appeared before your honorable committee requesting a lowering of the duty, there was a very strong presumption that the public interests would be best served by making no change in the tariff.

But a gentleman who appeared before your committee at the hearing on November 19, Mr. W. H. P. McFaddin, of Beaumont, Tex.,

suggested an increase of the duty on brewers' rice and asked to have it doubled. The reason he gave was that he did not believe the brewer was the proper man to get the benefit of this protection, but that he believed that it should go to the farmers. He frankly stated his position in the following language (p. 758):

> This is the first time that we have asked for anything; and my friends, while they think it is a good thing, did not have the nerve to get up and ask for it. I have found out in my life that there are a great many things we miss by not asking for them.

He admitted (p. 759) that brewers' rice was from 8 to 10 per cent of the crop. He admitted (p. 761) that he did not know how much brewers' rice was imported.

In behalf of the importing interests, and more especially in behalf of the brewers of the United States, I beg to submit the following suggestions in reply to Mr. McFaddin's request, in which the rice trade "did not have the nerve" to join:

Brewers' rice is sold in bags of 240 pounds each. The consumption of rice by the brewers in the United States is about 600,000 bags, of which 20 per cent is supplied by the rice growers of the United States.

The increase of duty demanded by Mr. McFaddin would be prohibitory, as the brewers could not afford to pay the increased price. They would use other cereals in the manufacture of beer, as is done in other countries, and the Government would lose a revenue of a quarter of a cent a pound on about 480,000 bags, equal to $288,000.

As the brewers could not afford to pay the price for imported rice at the proposed increased duty, neither would they pay the increased price for domestic rice, and if they turned to other cereals for beer manufacture they would probably not buy the domestic rice at all, whereby the rice industry here would lose this market for this product and the Government would lose its revenue. The railroads also would lose the revenue from the freight charges on the rice.

Mr. McFaddin is not correct in his statements as to comparative freight rates on the imported and domestic article. The through freight from the producing points in Europe to St. Lous is 25 cents. The freight from Texas producing points to St. Louis is 20 cents. The freight rates from producing points in Europe to St. Paul is 34 cents. The freight rates from Texas to St. Paul is 24 cents. The domestic rates are therefore lower than European producing points, and not higher, as represented by Mr. McFaddin.

The present specific rates on cleaned rice amount to from 75 to 100 per cent ad valorem. This would seem to be adequate protection to the farmer, and he should be thankful that nobody is opposing his having it without asking the Government for more.

HUGO REISINGER.

CHICORY AND SPLIT PEAS.

H. M'MORRAN, M. C., SUBMITS BRIEF ASKING INCREASE OF DUTY ON CHICORY AND SPLIT PEAS.

WASHINGTON, D. C., *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means.

DEAR SIR: I herewith inclose to you two briefs on the question of duties on chicory and split peas. Will you kindly file the same with

other matters submitted relative to changes in duty, and if you desire any further information on the subject will be pleased to furnish it.

Very truly, yours,

H. McMorran.

Washington, D. C., *December 14, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: The changes in duty wanted are:

First. Increase the duty on dried root to 2 cents per pound.

Second. Leave the duty on manufactured chicory in bulk, barrels, or sacks as it is, at 2½ cents per pound.

Third. Increase the duty on manufactured chicory in packages or rolls to 4 cents per pound.

Increasing the duty on dried root from the present rate of 1 cent to 2 cents per pound is for the purpose of increasing the American production of root, so that all of the chicory consumed in this country may be produced here instead of importing from 1,000 to 1,500 tons per year. Attached statistics show that, with the present duty and the present price of imported root, the price to the farmer for green root can not be increased to induce the farmer to increase acreage and production, because the cost of domestic dried root is now fully equal to the cost of imported dried root, without any profit to the domestic drier.

We do not regard an increase of the duty on manufactured chicory in bulk, barrels, or sacks as necessary. When the present duties were put into effect, making a difference of 1½ cents between the duty on dried root and the duty on manufactured chicory, that difference was necessary in order to establish the industry in this country. Imported dried root at that time commanded a price of 25 to 40 francs per kilo, which was double the present value. The cost of chicory manufactured in this country from imported dried root was therefore much in excess of the present cost, and therefore the difference of one-half cent per pound originally established was relatively no more than the difference that would be maintained by making the tariff on dried root 2 cents and leaving the tariff on manufactured chicory 2½ cents. Despite the heavy decline in the price of imported dried root, there has been little, if any, change in the price of the manufactured article, owing to the fact that the trade buying the imported manufactured product is prejudiced in favor of brands, and the price of these brands has been maintained.

The increase in duty on manufactured chicory in rolls or packages to 4 cents per pound is not intended to and will not increase the price of the domestic package to any appreciable extent, but would make a much larger market for the domestic article, as the increase in price of the foreign article, due to the increase in duty, would be sufficient to turn the domestic consumer from the high-priced imported article to the lower-priced domestic article. As shown by the statistics attached, there is a difference in the cost of production of the foreign packages as against the domestic package of only one-half cent per pound, due to the cheaper foreign labor and foreign materials. An increase, therefore, of one-half cent per pound over the duty on manu-

factured chicory in bulk would be sufficient to protect the domestic manufacturer against the cheaper foreign cost, but we justify the additional increase of 1 cent by the fact that it would materially aid the domestic manufacturer in disposing of his by-product and would actually compel the consumer to buy the cheaper domestic article, which is conceded to be equally as good.

There are three forms of chicory known to the trade:

Chicory root, green, similar to sugar beets. This is the product of the farm.

Dried chicory root, consisting of the green root, cut up into pieces about the size of a walnut and dried hard. This is the product of the drying kilns.

Manufactured chicory. This product is in two forms: First, the granulated, roasted chicory sold to the trade in bulk, put up in barrels and jute bags; second, the powdered chicory sold to the trade in small packages in wood cases. These small packages consist of "rolls" or "sticks," i. e., small cylindrical paper packages filled with powdered chicory, which cakes on standing. This is the product of the chicory roasting and granulating factory.

To produce manufactured chicory, the dried chicory root is placed in roasting drums and roasted until dark brown all the way through. This brown roasted chicory is then put through rolls and granulated and the various sizes or granulations separated by screens. The coarser granulations are packed in bags or barrels and are ready for market. The fine, powdered chicory, produced in the process of granulation, is a by-product and requires further handling to make it marketable. There is little, if any, market for the powdered chicory in bulk.

The powdered chicory goes to the packing rooms, where it is put up by girls and boys into paper tubes. These tubes are allowed to stand for a while, until the powder cakes into a mass or round "stick." Then they are packed into wooden cases and are ready for market. Several styles and sizes of packages or "sticks" are put up, the principal sizes being 5 packages or "sticks" to the set (a set weighing about 1 pound); 2½ sticks to the set and 1-pound sticks.

The granulated chicory is sold to coffee dealers, who use it to blend with certain grades of coffee. There is practically no granulated chicory, as such, sold to the consumers in this country. The coffee dealers blend a small percentage (seldom over 10 per cent) of granulated chicory with certain grades of roasted and ground coffee for the purpose of improving the color and flavor of these grades of coffee. Chicory can not be considered as merely an adulterant, for the best grades of chicory cost more than the cheap, broken coffee and coffee screenings. Its use has persisted for many years, because it produces a decided improvement in the cup when used with certain grades of coffee.

The package, "stick," or "roll" chicory, made from the powder is sold almost entirely to the foreigners in this country, who have been accustomed to its use in their native countries and continue the use here. These foreign-born residents are prejudiced through habit and ignorance in favor of the brands which they have used at home, and will pay a higher price for the imported brands than they will for the domestic brands, although it is conceded that there is no difference in quality. This prejudice in favor of foreign results in

a very limited market for the domestic packages, especially since the passage of the pure-food law, which prohibits the domestic manufacturer using the foreign brand, as was formerly the custom. This use of foreign brands was not an imitation or infringement, the domestic manufacturer merely purchasing from the foreign manufacturer the right to use the foreign brand in this country and putting up the goods here instead of abroad. This limited market for domestic brands makes it difficult to sell the powder by-product of the domestic factory; in fact, these packages of powder are sold at less than cost to the manufacturer, the loss on the powder having to be made up by additional price asked for the granulated.

An increase in duty on manufactured granulated chicory would have no effect on the price to the consumer. The consumer does not buy granulated chicory as such, but only when mixed with ground coffee. The people at large do not know what chicory is, and when they have any ideas at all on the subject invariably confuse it with very poor coffee, or with the so-called "coffee essence" or "coffee substitute," products that contain absolutely no chicory. The chicory consumer, therefore, buying chicory only when mixed in very small percentage with coffee, would not be affected even should the increased duty raise the price of granulated chicory in this country, because the percentage of chicory used in the blend is so small that even should the price of chicory be doubled, the consequent increased cost of the blend would be less than one-half cent per pound, and it is not customary for retail dealers to sell coffee at prices including fractions of a cent. The chicory business in this country, up to the present time, has been too small and the profits too meager to permit of an extensive educational campaign of advertising, which would be necessary to educate the people at large to an appreciation of chicory and the use of it on their own account.

An increase in duty on manufactured chicory in packages, "rolls," or "sticks" would probably increase the price to the consumers of the imported article, but would not increase the price of the domestic brands, as the domestic manufacturer would be satisfied to dispose of all of this by-product powder at present prices without any increase in price.

The American production of chicory averages about 15,000 tons of green root per year, equal to about 4,000 tons of dried root. This American production has grown up since the imposition of the present duty on dried root in 1897, the duty of 1897 enabling the American farmer to produce chicory in competition with the foreign product. The price paid to farmers in 1898 was $6 per ton. This has been increased to $7 per ton.

The American production is no longer increasing, is rather decreasing in volume. The reason of this is that while the price of farm products in general has increased materially since 1900, the price paid to farmers for chicory root has not increased during that time, because the price at which imported dried root may be delivered in this country will not permit of an advance in price to the farmer for green root.

Chicory is imported into the United States in three different styles—dried chicory root in sacks, granulated roasted chicory in sacks and

barrels, powdered chicory in paper rolls or packages put up in wood cases of the same style as the domestic package.

	Tons.
Manufactured chicory imported in 1907	311
Dried chicory root imported in 1907	1,250

The manufactured product consists largely of the powdered chicory in rolls. Very little granulated chicory is imported at the present time. The imported dried root was manufactured in the United States into granulated and powdered chicory.

It is not practicable to import green root from Europe on account of the excessive bulk and the almost certainty of spoiling in transit.

Present duties:	Cents per pound.
On dried root	1
On manufactured, granulated roasted chicory in sacks or barrels	2½
On chicory, powdered, in rolls or packages	2½
On green chicory root	1

The price is figured f. o. b. New York, as New York is the principal chicory market. Belgium is the largest European producer. There has been practically no change in the price during the last five years.

Average price f. o. b. vessel Antwerp, 14.50 francs per 100 kilos; 14.50 francs per 100 kilos equals $1.29½ per 100 pounds; vessel freight to New York, 10 cents per 100 pounds; customs duties, $1 per 100 pounds; cost delivered New York, $2.39½ per 100 pounds; $2.39½ per 100 pounds equal to $47.90 per ton.

Imported dried root can be purchased in lots of 50 to 100 tons, as wanted by the manufacturer, and requires a comparatively small amount of money tied up in stock and nothing invested in plant to produce it.

Michigan is the only State that has been able to grow chicory successfully. The price is figured delivered New York, because New York is the principal market.

It requires 3.75 tons of green root to make 1 ton of dried root.

3.75 tons green root, at $7	$26.25
1,200 pounds coke for drying	2.75
Expense covering acreage and looking after crop	1.00
Labor in drying	3.50
Power, water, and renewals	1.50
Management expenses	1.00
Interest, depreciation, insurance, and taxes on plant, at 13 per cent	2.70
Interest on capital to handle crop, three months, at 6 per cent	.50
Interest, storage, and insurance on product from time of drying to time of use, 10 per cent	3.60
Freight to New York	5.50
Total	48.30

All of the factories in the United States which produce dried chicory root are located in Michigan, in the center of the growing districts. This is because it is not practicable to ship the green root a distance of more than 75 to 100 miles, on account of the heavy freight rates, due to excessive bulk of the green root.

(A very small amount of sun-dried chicory root is produced in California and consumed locally.)

The green root is marketed in the fall by the farmers during the months of October and November. The roots are paid for on delivery to the farmer, and it is also customary for the dry kiln to advance

money to the farmers during the growing season to enable the farmer to pay for the labor to handle the crop.

The drying operation at the kilns is usually completed by January 1 of each year, and the dry kiln then has its complete stock for the year on hand. The stock is gradually delivered to the roasting factories, as required, throughout the balance of the year.

The dry kiln, therefore, has to tie up a large amount of money, both in the plant, which remains idle for nine months of each year, and also in the stock, which has to be carried for several months before it can be disposed of. This necessitates a heavy interest, insurance, tax, depreciation, and shrinkage charge, which is avoided very largely when the imported root is used.

The relative cost of putting up packages of "rolls" or "stick" chicory in Europe and the United States is as follows:

	Cost per 500 pounds.	
	In Europe.	In United States.
Labor	$0.15	$1.00
Paper	1.20	2.25
Case	1.20	1.70
Total	2.55	4.95

Cost in United States	$4.95
Cost in Europe	2.55
Difference	2.40

A difference of $2.40 for 500 pounds equals 48 cents per 100 pounds, or about one-half cent per pound.

The great difference in European and United States costs is due to the difference in labor. Factory labor in Belgium is as follows:

	Per day.
Men working eleven hours per day	$0.40
Girls working eleven hours per day	.10

In the United States men doing similar work receive $1.75 to $2.25 per day of nine hours, while experienced girls receive 75 cents to $1 per day.

RELATIVE COST TO FARMER OF PRODUCING GREEN CHICORY ROOT IN BELGIUM AND UNITED STATES.

Farm laborers working in the chicory fields in Belgium receive 10 cents per day and board. Labor is plentiful at this rate. The yield of chicory per acre is materially increased by hand weeding and cultivating, which the Belgian farmer can afford to give it with labor at 10 cents per day. The yield per acre and the cost per ton to the farmer is therefore much lower in Belgium than in the United States.

In the production of green chicory root at the drying kilns, Port Huron, Capac, Bad Axe, Bay City, and Gagetown, Mich., the price paid to the farmer is $7 per ton of 2,000 pounds at kiln.

Average yield per acre for the past five years, 8,000 pounds per acre.

Chicory is planted in rows 18 inches and 22 inches apart, and cultivation practically all done by horse, which accounts, to some extent, for the small production per acre.

Weeding is naturally done by hand, and on account of the high price of farm labor the grower can not afford to engage such labor for attending to his chicory crop, and the growing is therefore confined to farmers who have a family of middle-age children that can assist him in this work.

The soil in Michigan, although not as well adapted to growing chicory as the soil in east and west Flanders, in Belgium, has been found the best in the United States, and would yield fair crops if farmers could afford to devote the labor necessary to the cultivation.

Regarding the production of green chicory root in Belgium, one box is equal to 50 kilos; 50 kilos equal to 112 pounds; 1 franc equal to 20 cents; 1 gemet equal to 1 1/10 acres; principal growing district east and west Flanders; average farm labor 50 centimes, or 10 cents per day and board; average factory labor 2 francs per day, or 40 cents per day for twelve hours' service; average yield per gemet, 250 boxes, equal to 18,900 pounds, per acre; average price paid farmer 1.20 franc per box, or $4.15 per net ton (2,000 pounds).

Climate conditions in Belgium are ideal for growing chicory, the heat in summer being moderate, allowing plants to develop larger than in this country.

Chicory is planted in rows 8 inches apart, cultivated and weeded entirely by hand, which accounts largely for the heavy production per acre.

SPLIT PEAS.

The Dominion of Canada, or more particularly the Province of Ontario, is one of the largest, if not the largest, producers of field peas and yellow split peas, which are manufactured therefrom, in the world. The annual crop of field peas in Ontario is approximately 20,000,000 bushels per year. A considerable portion of this crop of peas is manufactured into split peas in Canada, and the surplus of the manufactured product not consumed in Canada is exported. The export business in split peas from Canada is a large one, and enables the Canadian mills to operate during the greater portion of, if not during the entire, year.

The field-pea crop in the United States is a comparatively small one. No statistics are available, but an estimate of 500,000 bushels per year as the annual crop is probably considerably larger than the actual figures would show. Field peas are produced almost exclusively in the States of Michigan and Wisconsin. A few are produced in New York State and a few on the Pacific coast.

The duties at present applicable to field peas, which are used in the manufacture of yellow split peas, and on yellow split peas themselves are as follows: Field peas, 30 cents per bushel; split peas, 40 cents per bushel.

This apparent differential in favor of the American manufacturer is in fact no protection at all on account of the shrinkage or wastage accruing in the manufacture of split peas. It requires 4⅔ bushels of Canadian field peas to make 1 barrel of yellow split peas. A barrel

of yellow split peas is 210 pounds, or 3½ bushels. This loss in manufacture consists in part of the shrinkage in weight due to loss of moisture in the peas in drying them at a high temperature before splitting, and in part of the feed, consisting of the hulls, broken peas, and fine powder, which are removed in the process of manufacture. This feed is sold at the mill door, and commands about the same price in Canada and in the United States. In actual practice the above duties figure out as follows:

4⅔ bushels of field peas to make 1 barrel, at 30 cents per bushel	$1.40
1 barrel, 3½ bushels of split peas, at 40 cents per bushel	1.40

Taking into consideration the loss in manufacture, therefore, there is no protection to the American manufacturer as against the Canadian manufacturer. It is frequently necessary—in fact, there has been hardly a year for the past ten years when it has not been necessary—to draw upon the Canadian supply for peas on account of crop failures in the United States. The Canadian manufacturer of split peas has a decided advantage over the American manufacturer:

First. From the fact that he can operate his mill practically throughout the year, with a consequent much larger output per year than the same size American mill, his charge per barrel for fixed charges on his plant is much smaller than the American manufacturer, who can operate only a portion of the year. The American manufacturer must have a good-size mill for his purpose—in fact, he has to have a large if not larger mills than the Canadian manufacturer—because the American supply of peas is available only in the fall, and the demand for split peas is almost entirely during the cold weather. The American manufacturer, therefore, must be able to take care of the raw material when offered and be able to supply the trade when the demand exists.

Second. Labor in Canada is in general lower than in the United States, and it is lower in this industry also, due to the fact that the Canadian miller can offer his employees practically steady employment throughout the year, while the American manufacturer must pick up his men for three or four months of the year at the longest. A head miller in Canada is employed for $1.75 per day, while in the United States it is necessary to pay $2.50 per day for the same work. Mill helpers in Canada receive $1.50 per day, while in the United States they receive an average of $2.

Third. The price of barrels in Canada is lower than in the United States, large quantities of cooperage stock being imported into the United States for barrel-making purposes, paying the United States duties. There is a dfference in cost between the Canadian barrel and the American barrel of about 15 cents per barrel.

The difference between the duty on the raw material and the manufactured product in a similar industry—rolled oats—affords ample protection to the American manufacturer. It requires an average of 9½ bushels of oats to manufacture a barrel of rolled oats, which is 180 pounds. The duty on oats is 15 cents, which figures on 9½ bushels required for a barrel, $1.48. The duty on rolled oats is 1 cent per pound, or $1.80 per barrel, leaving the difference of 37 cents per barrel protective duty on rolled oats for the American manufacturer.

We believe that the present duty on split peas of 40 cents per bushel should be made applicable to the amount of raw material required

to make a barrel of split peas—that is, 40 cents per bushel on 4⅝ bushels, or $1.87 per barrel, which is equivalent to about 54 cents per bushel on split peas.

We would, therefore, submit that if the duty on round peas is left at 30 cents per bushel, the duty on split peas should be increased to 55 cents per bushel.

H. McMorran, M. C.

CITRUS FRUITS.

FRANCIS E. HAMILTON, NEW YORK CITY, SUBMITS SUPPLEMENTAL STATEMENT IN BEHALF OF LEMON IMPORTERS.

New York City, *December 14, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: As promised, I submit to you, gentlemen, some points regarding lemons and their cost, on behalf of the lemon importers and dealers, and on their account wish to present to you, gentlemen, some facts regarding the importation of this much-needed fruit.

Lemons are an absolute necessity to the people of this country, and, in fact, to the world at large; therefore it is the duty of this Government to see that such necessity is protected from selfish and grasping people.

The California growers, who have become immensely rich through the raising of oranges and lemons, are now attempting to further enrich themselves, regardless of the sufferings of millions of poor people, whose only relief in the hottest of summer days is a glass of lemonade, while they who are wealthy can sojourn at the seashores, without regard to the suffering ones. The California people are not seeking protection because they can not compete with foreigners; they are seeking more protection so as to entirely bar foreigners from shipping to our shores, and thus acquiring an absolute monopoly, in order that they may be able to command whatever price they may please. The California lemon is a lemon much finer and prettier than the Italian lemon, and always commands from 75 cents to $1.25 per box more than the imported article. It is bought entirely by the better class, more especially since the actual production of this country is only one-third the required demand.

If you gentlemen should cause additional duty to be imposed, where are we going to get the other two-thirds to supply our people with?—because foreign importers in the lemon business are nearly bankrupt now, and unless some relief shall be granted to them they will sooner or later meet their downfall, and the consequence will be that large plantations in Sicily will be cut down to be replaced with something else. That would surely mean that the price of lemons would easily reach three times that of the present day, in which the California people are making over 100 per cent profit. This I will demonstrate to you from the figures given by Mr. Call, of California, to you gentlemen and from actual facts and sworn statements of the foreign importers.

Foreign lemons, as you gentlemen can see by Exhibit A, cost to land in New York City an average of $2.80 per box. California

lemons, as claimed by the California people, cost them landed at their farthest eastern point $2.20 per box; importers must therefore sell their goods at more than $2.80 per box, their actual cost, in order to make a profit; and, as already stated, California lemons will always sell for 75 cents to $1.25 per box more, but, for the sake of comparison, let us say 75 cents per box more (which, however, is far below the average); it will clearly show you gentlemen that California will sell for at least the cost of Italian lemons, $2.80, plus 75 cents, making $3.55 per box. From the Californians' own statement, $2.20 is the cost, including freight; the freight is 85 cents; that leaves the actual cost of the lemons f. o. b. California at $1.35 per box; now, from the price realized, namely, $3.55 per box, deduct the freight of 85 cents; that will leave the sum of $2.70 per box, double the cost f. o. b. California. In other words, the fabulous profit of 100 per cent is realized by them at their most remote point of sale and where competition is the keenest, namely, New York.

Now, what about other vast markets near to their home where freight is lighter and competition beyond question? The cost price, $2.80, for foreign lemons is for lemons landed at the pier, New York City. Consequently, as soon as any attempt is made to remove a box of lemons from New York to even a near-by place, it will necessarily add to its cost, between cartage and freight, from 30 to 75 cents per box, making lemons of foreign countries, which although not so preferable as the California lemon by 75 cents at least, cost from $3.10 to $3.55 without any profit whatever, so that the California growers, who are in a position to deliver from their farms right to destination, can deliver to near markets lemons which cost them less than it would cost to deliver to New York City and still get a price from 30 to 75 cents higher than they can get in New York City, making their profit nearly 200 per cent, or greater than the profits of the Standard Oil Company.

So, gentlemen, if these people who are crying poverty while their clothes are lined with gold, and claim they only make 4 and a fraction per cent profit under existing circumstances, what would they do if they had the people at their mercy, when only one-third the required amount of lemons is produced in this country? The rest I will leave to you gentlemen to work out for yourselves, but one thing is positive, and that is, if the Italian lemons are driven from the markets of this country, you gentlemen will cause California lemons, which are selling now for from $3.50 to $4 per box, to sell at over $10 per box, and put this much-required necessity beyond the reach of the poor class. I believe in protection, providing it is carried on in its true terms—protection to protect home industry from foreign invasion to the extent of allowing our people to produce the same article at a fair and honest profit—but when people come to you and by misstatements (such I may call them, otherwise the statistics of Prof. G. Harold Powell, are not correct or the sworn statements are rank perjury), it is time that this country shall awake and correct the great wrong which has been imposed on the public by the placing of such a prohibitive duty as the California people, under color of protection, caused to be placed on lemons by the Dingley Act, of 1 cent per pound, or almost 83 cents per box, and lemons if not placed on the free list, be dutiable at 25 cents per box at the most, the same as before the Dingley Act was passed. Even then, by a careful com-

putation, you gentlemen will see that competition with the California growers by foreigners is impossible, as the difference in the quality is sufficient to protect the California growers and with a reasonable duty they would still make from 50 to 60 per cent in New York City and fully 100 per cent at places near to their homes on their product.

Besides the above facts there are many very serious questions to be taken into consideration. California lemon growers have made rather slow progress with lemons for many reasons: First, because originally a California lemon had little or no resisting qualities, and would easily decay; that fact caused them to be cautious, and through many experiences they have succeeded now in keeping them much better, but still a California lemon will not keep one-fifth the time that an Italian lemon will. Second, a lemon tree takes a great deal longer than an orange tree to get to a good bearing point, usually over seven or eight years, and many things, such as frost, etc., may occur to retard its growth. Third, lemons are more delicate than oranges, and in many places in California they will not be able to raise them at all on account of frost, and in many of the places in which they grow them now they are forced to plant them between high trees and often have to use oil stoves to keep the frost away; and, again, there are certain times of the year when California has little or no lemons at all. Where would we get our supply from at such times? And, fourth, should at any time a severe frost take place, which has heretofore occurred and is beyond the power of man to prevent, what would this country do for lemons if Sicily should be compelled to replace her lemon trees for something that will be more profitable to her? This is something that requires serious reflection, as the loss of such an absolute necessity would cause untold suffering and privation.

The California people claim that lemons can be landed in New York City (duty paid) for $1.62 per box. This will be found to be absolutely unfounded, from the sworn statements hereto annexed; and if they have made misstatements as to one thing, gentlemen, you can readily see that they will stretch their conscience as to others. It must be remembered that land in Italy is very heavily taxed; that labor, owing to the number of emigrants that leave Italy, has become high, and is to-day double what it used to be; also that many of the returning emigrants have put new ideas into the farmers' heads, so much so that unions exist there now as well as in this country; that the laborers or mechanics will not work but eight or nine hours per day, and not, as before, from sunrise to sundown. Further, the climatic conditions are such that the work of one day by a man in this country equals that of two men in Sicily; the fruit there has to be carried for great distances, and many other conditions exist which contribute to make the price high. The freight here, as you will see from facts and not talk, is over 30 cents, and then the boxes must be carted from the piers. The boxes or "shooks," as they call them, are also expensive, because a large quantity comes from this country—the State of Maine. The wood is a kind of spruce of which no other use can be made, and is a source of great revenue to that State, which otherwise would be wiped out.

Why do not Californians make the same contentions as to oranges? Simply because they can not hide the fact that they control the world and have reached their highest state of development, and

they know they can not better themselves, but with lemons they think differently. With ability to supply only one-third of the required amount, they are out for big game, because the price, under their absolute control, could easily be doubled or quadrupled and the whole country would be at their mercy. Oranges should be free and lemons also, but at the utmost with a duty of not more than 25 cents per box. You can draw the same conclusions on the question of importation of lemons as on oranges. California oranges are now selling from $4 to $5 per box and sold all summer for from $5 to $7 per box, while other oranges, such as Porto Rico oranges, to-day are selling from 90 cents to $1.30 per box; Mexicans, with 80 cents duty, from $1.40 to $2.20 per box. A Mexican orange is a very fine orange and sweet, so you see that the California fruit, being so much superior to any other, needs no duty to protect it; it protects itself on account of the finer quality and is sought by all in preference to the imported, and therefore commands a higher price. This is admitted by the California people, but California oranges to-day are a luxury and only can be bought by the better class. Nevertheless, California growers sell all they can grow, while at the same time the poorer classes are in a position to obtain oranges even though the Californians are out of their reach without in any wise interfering with the California growers. California fruit is so much superior that the growers can afford to ship it to England and France, and after paying enormous freight and refrigerator charges, can compete with other foreigners in free-trade ports and make good profits, as the fruit sells for higher prices to great advantage.

I herewith submit statements showing actual sales of California lemons in New York at public auction (which is the way all lemons are sold), and also the quantity sold and a comparison with Italian lemons during the same period. Also statements from persons who know the actual cost of California lemons and also what California lemons are sold at outside of New York. Also affidavits showing that often when New York markets are high California people will unload large quantities for the purpose of lowering the market, or flood it with California lemons, although they may have to make a sacrifice in taking them away from markets in other parts of the country, in order to break the New York market and discourage importers from bringing lemons to this side, since they can easily break the market without incurring any loss whatever, and, on the other hand, cause large loss to the importers, as, for instance: Californians, who keep a close watch on importations of lemons, as soon as they discover that a large shipment is in transit, can arrange it from their distributing point that in one or two days before the steamer with the consignment from Italy arrives, divert a large quantity of California lemons from other markets to the New York market, which buyers are eager to get, and can lower the market by an overflow of superior fruit to such a point that, although they may sell at $2.75 or $3 per box, they would still make from 50 to 75 cents per box net profit, while, on the other hand, the importer, whose fruit will only fetch fully 75 cents per box less than California, can only get from $2 to $2.25 per box, thus entailing a loss of from 50 to 75 cents per box. This naturally discourages importation, and California shippers have the control of the market, as the supply is thereby limited. You can

therefore see the folly of requesting a higher duty, when, as shown, the duty should be entirely removed.

California people, under color of protection, are aiming for more millions in money, and not protection. If the prohibitive duty on lemons is not modified, they will sooner or later have all the markets of the United States at their mercy, and then, instead of making a profit as now of at least 100 per cent, they will make a profit of four or five hundred per cent, which you can readily see will mean to them from five to six million dollars' profit.

The Californians in their memorial attempt to give facts and figures, but in their attempt clearly disclose the weakness of their cause, which can easily be seen by any person of intellect. They firmly agree that lemons are a necessity; they firmly agree that they can produce better fruit; they admit that a box of lemons costs them $1.41 per box f. o. b., including a claim for enormous expenses; but they do not tell you of their vast facilities in cultivating their land with improved implements and scientific methods as against old-fashioned and hard-working methods employed by foreigners, or what they sell their fruit for. Californians through their scientific treatments are able to use nearly all of the lemons grown on the trees, and by a so-called "washing" process make them beautiful in appearance; while, on the other hand, Italians can not use 25 per cent of their crop, because they can not treat their lemons with this process, as otherwise they would be all decayed before their arrival in this country. This necessarily adds to the cost of production in Italy, as 25 per cent of the crop is sold for cutting-up purposes for very little money.

As to the question of refund duty, importers have attempted to get back duty on decayed lemons, but so far the importers have nothing but promises. However, this is a foolish comparison for California people to make, because as soon as a box of lemons contains 20 per cent of decayed lemons its market value decreases to such an extent that it can not be sold for one-half of what it actually costs, as goods in that condition will be bought only by peddlers for immediate use. So, assuming that even the duty may be returned, it will still cause a big loss to the importer, as the price realized for goods in that condition is very small.

On Page 451 of the Tariff Hearing a table of the cost and profit is given by the Californians. I especially call your attention to the actual cost of oranges, according to their own figures, of $1.05 per box, and still they desire us to believe that they only make less than 5 cents per box and ask for protection. How do they account for the fact that oranges from the early summer to the present time have averaged nearly $5 per box in New York? Adding 85 cents freight and 5 cents profit to their own price of $1.05 makes a total of $1.95. Who gets the remaining $3.05?

Gentlemen, in this equitable appeal the Californian people failed to come to you with clean hands. You do not need my comparisons to know that they must make fabulous profits. You all buy oranges, and I doubt whether any of you have in the last six months been able to buy oranges less than 75 cents per dozen at the very lowest. If the retailers could get oranges for $1.95 per box, or rather at an average price of about 1¼ cents each, surely they would not get 6 cents apiece for them, as competition would prevent such prices, as

retailers seldom make or expect to make more than one-fourth to one-third profit on their goods.

The letter from the American consul embodied in their memorial clearly shows that he does not know what he is talking about, because if he is not familiar with freight rates, he certainly is less familiar with inland matters. The freight is nearly 31 cents and not 24, as shown by the inclosed affidavits. As to Mr. Triolo, of California, I can also say that he does not know the true facts as to freight and labor. Freight has never been 1s. 4d., but always 1s. 3d. and no rebate, but on the contrary we must pay wharfage here on fruit remaining a certain number of days on the dock. As to labor, he is also much mistaken, as labor to-day is from 60 to 100 per cent higher than ten years ago, but as to this Mr. Triolo frankly says that he is not certain as to the rate of wages at the present time.

On page 454 of the Tariff Hearing book the California people again attempt to give figures, but in doing so they only state what the fruit cost in California, but not what they sell it for. Again, on the following pages they attempt to show the retail prices of oranges and lemons and quote the Catskill Daily Mail as quoting that lemons, on the 2d day of April, were retailing for 6 cents per dozen. I defy the California people to prove any such fact. Said lemons last April, the cheapest that could be bought in the New York market, were $2.75. As the rate of 6 cents per dozen means one-half cent each, or at an average of $1.68 per box, surely there is not in this great country any living fool who would be likely to buy lemons at $2.75 per box, plus freight of about 50 cents per box, total $3.25 per box, and sell them at retail for $1.65 per box. If by chance the article referred to should mean California lemons, you can easily add 75 cents more per box, as California lemons always bring that much more than the Sicilian lemon, making the quotation beyond all doubt absolutely untrue.

The whole question narrows down to a fine point. Mr. Call presents a letter from the American consul which plainly shows that that gentleman is not thoroughly posted on the subject, and if mistaken on one subject, is led into error on another.

Mr. Triolo, who claims to know so much, frankly admits that he speaks of his experience of ten years ago. This we compare with the statements and tabulated figures carefully gathered by the Hon. G. Harold Powell, Pomologist of the Department of Agriculture, in the Yearbook of the department of 1907, in which, after very careful study and preparation, he gives his figures in a thorough and systematic manner, and shows that an acre planted in lemons will produce an average of between $850 and $950, while on the other hand the actual cost of the cultivation, including everything, amounts to $378.86, leaving the fabulous net amount to the grower, taking an average of $900, of $524.14.

This plainly shows that my figures of 100 per cent profit are even far below the calculation of Professor Powell, because an acre will only produce 300 boxes of lemons, giving a fabulous profit of $1.71½ per box; cost is $1.23, according to Professor Powell, and not $1.41, as maintained. Therefore, then, either Professor Powell is not competent or they have misstated the cause.

To show the damage which has already reached many innocent interested people in this country, I respectfully call your attention

to the fact that prior to the Dingley Act going into effect, and the duty raised to the present outrageous amount of 1 cent per pound, in the State of Maine there was upward of seven mills which manufactured shooks for the lemon business, and that since said act went into effect their business has been reduced from between 4,000,000 and 5,000,000 boxes to about 2,000,000 boxes, and from seven mills only one exists to-day—the T. J. Stewart Company (who are authority for this statement). What right have the California people, under color of protection, to drive honest people from their sister State out of business? Facts show that they need no protection, and I ask that our honest appeal for a lower lemon and orange tariff be granted.

Respectfully, yours,

PHILIP S. SAITTA,
For Fruit Dealers and Importers of New York.

EXHIBIT A.

STATE OF NEW YORK,
City and County of New York, ss:

We, the undersigned, importers of lemons for a number of years past, some of us having been in said business for upward of twenty years, being duly sworn, each for himself doth depose and say that the average cost price of lemons and the quantity imported into the United States and sold by us on behalf of consignors for the years 1907 and 1908, together with the expenses of importation to the city of New York, are as follows:

During the year 1907 the average cost per box of lemons f. o. b. Palermo and Messina, Italy, was 8s. 3d., equivalent in United States currency to $2. During the year 1908 the average cost per box, f. o. b. Palermo and Messina, Italy, was 6s. 8d., equivalent in United States currency to $1.60, provided the lemons were of good merchantable quality; 50 per cent of the quantity imported being 300's, 40 per cent of the size known as 360's and 10 per cent of the size known as 500's, meaning that there were that many lemons in a box.

The average cost of importation on these boxes of lemons during said two years was as follows:

	Per box.
Average duty	$0.76
Duty on shooks	.05
Freight	.30
Wharfage, average	.02
Marine fire insurance	.02
Labor on the dock	.02
For banking commissions	.02
Auction charges, average	.08
Total cost of importation, etc	1.27

Making the average cost per box during the year 1907 $3.26 and the average cost per box during the year 1908 $2.86.

We further swear that the quantity imported by us during said years was as follows:

	Number of boxes.
1907:	
Brucato Brothers Company	200,500
Frank Zito	345,061
Dominici Brothers	94,000
P. Sciortino	120,000
	759,061
1908:	
Brucato Brothers Company	199,000
Frank Zito	283,573
Dominici Brothers	131,261
P. W. Saitta	234,112
P. Sciortino	75,000
G. Cavallaro	70,000
	992,946

BRUCATO BROTHERS CO.,
By G. M. CATO, *President.*
FRANK ZITO.
DOMINICI BROTHERS.
P. W. SAITTA.
P. SCIORTINO.
G. CAVALLARO CO.

Sworn to before me this 18th day of December, 1908.

[SEAL.] PHILIP S. SAITTA,
Notary Public.

EXHIBIT B.

STATE OF NEW YORK, *city of New York, county of New York, ss:*

We, the undersigned importers of lemons, doing business in the city of New York, being severally duly sworn, each for himself doth depose and say: That the average price of Palermo and Messina lemons imported into the port of New York during the year 1907 was $3.25, and that during the year 1908 the average sale price was $2.70 up to the present time; that California lemons of the same standard sold during the same period in 1907 at an average of 50 cents to $1 per box higher than the imported lemons, and during the same period in 1908 at an average price of fully 50 cents to $1 per box higher, the reason therefor being that the California fruit presents a finer appearance.

B. SCIORFINO.
G. CASS MAIRLY.
FRANK ZITO.
DOMINIC ERODUT.
H. M. CATO.

Sworn to before me this 18th day of December, 1908.

[SEAL.] PHILIP S. SAITTA,
Notary Public.

MAINE MANUFACTURERS OF BOX SHOOKS WISH REDUCTION OF DUTIES IMPOSED ON SICILIAN CITRUS FRUITS.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In behalf of the manufacturers of box shooks in the State of Maine I have the honor to present their urgent petition for the reduction of the duty at present levied upon Sicilian oranges and lemons, but especially lemons.

It is doubtless well known to the committee that all the shooks which go to make the boxes in which these lemons are brought to this country are manufactured in the State of Maine. For a number of years this has been an industry employing a large number of hands and an investment of upward of $3,000,000 of money.

The return for the same has been satisfactory, until within the past five years, when the trade began to fall off, with the result that a portion of the five big mills interested in the production of shooks were obliged to close down.

The present interests are being conducted upon the closest possible basis. Any falling off in the trade which would result in a lessening of the demand for box shooks would result in a closing down of the business, as it could not continue except for the purchases of the lemon trade.

It is one of the smaller interests which go to make up the great manufacturing supremacy of the United States; it is a business which can be carried on just as long as lemons from Sicily are imported and no longer, and your petitioners present to you the fact that any increase of the duty upon lemons, which your informant advises it is understood is contemplated, will result in the absolute destruction of the business of your petitioners.

Yours, respectfully,

FRANCES E. HAMILTON,
Representing Box Shook Manufacturers of Maine.

G. M. CURTIS, CLINTON, IOWA, THINKS CITRUS FRUITS NEED ADDITIONAL PROTECTION.

CLINTON, IOWA, *December 14, 1908.*

Hon. SERENO E. PAYNE,
Washington, D. C.

DEAR MR. PAYNE: There has recently been before your committee gentlemen representing the Citrus Protective League of California, urging that the present duty of 1 cent per pound on oranges and grape fruit be retained, and that the duty on lemons be raised to 1½ cents per pound.

I shall not burden you with statistics or present any special reasons why the demands of the California committee should be complied with further than to express the opinion that the printed brief by the Citrus Protective League of California, now before your commit-

tee, is a fair and honest presentation of conditions as they now exist relative to the citrus-fruit industry in California.

It seems to me to be an indisputable fact that the duties demanded are absolutely necessary to successfully maintain the industry in this country, as against present foreign competition. Please note that the present duty of 0.72 cent added to the present transportation charge to New York is only 0.97 cent, while the cost of transportation from California to eastern markets, including charge for icing, is 0.93 cent, it being understood, of course, that the great difference in the cost of labor enables the foreign grower to produce fruit 50 per cent or more cheaper than is possible to do in this country. There are special reasons why the duty on lemons should be one-half cent higher than on oranges, all of which seem to have been presented in good and proper form.

Trusting that your committee may give this subject the careful and serious consideration which I believe it deserves, I am, with high personal regard,

Yours, truly, G. M. Curtis.

THE CUBA COLONY COMPANY, BATTLE CREEK, MICH., ASKS FOR ABOLITION OF DUTIES ON CUBAN CITRUS FRUITS.

Battle Creek, Mich., *December 9, 1908.*

Chairman and Associate Members of the
Ways and Means Committee,
Washington, D. C.

Honored Sirs: In behalf of the fruit growers of the island of Cuba, we most respectfully and earnestly pray for relief from the exorbitant tax upon our products in the form of tariff duties.

The United States has but a very small and limited territory in which citrus fruits can be grown, and we think it an injustice and a hardship to the fruit growers of Cuba to compel them to pay an unreasonable and almost prohibitive tax for the privilege of marketing our fruits in our home country, of which we are nearly all residents and taxpayers.

When we made our investments on the island we had every reason to suppose that annexation would soon take place and that we would have an open market for our products and could compete with our California and Florida neighbors, but unless we are helped by the relief of all tariff duties our investments on the island must necessarily be a total loss and the 80,000,000 of our inhabitants of this country will be deprived of the benefits of a competitive market of a table food.

It is a well-known fact that the limited citrus fruit-growing territory of the United States furnishes but a very small proportion of the amount consumed by its people, and it is an unjust tax upon them to be compelled to pay the excessive duties.

Most respectfully submitted.

The Cuba Colony Company,
Per Jerome Chapin, *Treasurer.*

THE NEW YORK FRUIT EXCHANGE RECOMMENDS A REDUCTION IN DUTY ON LEMONS.

New York City, *December 14, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: (1) That it is a body incorporated, organized, and existing under the laws of the State of New York.

(2) That it is organized for the mutual benefit and protection of the members of the said association in their relations to each other and the public as business men and dealers in fruit and other commodities, and to improve the methods of business so as to insure honest and fair dealing in the trade generally.

(3) That it is composed largely of American dealers, brokers, and buyers of lemons and other fruits on the New York and other markets for the jobbers and consumers of the country generally.

(4) That under the Wilson tariff bill the duty on lemons was approximately 25 cents per box on the fruit and 5 cents per box on the shooks, making the total duty about 30 cents per box. This duty provided a good revenue for the Government and insured the importation of a sufficient supply of lemons to meet the normal requirements of the people.

(5) That the method of selling foreign lemons is at public auction to the highest bidder, the price being regulated by the supply and demand.

(6) That the large increase in the production of lemons in the State of California has diminished the demand for the foreign-grown article to such extent that it is now extremely hazardous and frequently unprofitable to import lemons in competition with the domestic product.

(7) That the Dingley tariff, for the purpose of encouraging the domestic production of lemons, raised the duty to 1 cent per pound, equal to approximately 75 cents a box.

(8) That owing to the extremely high duty (75 cents per box) imposed by the Dingley tariff, which has been operative for the past eleven years, the production of lemons in the State of California has attained vast proportions, and California lemons are now being marketed at prices which pay a large profit to the grower.

(9) That the California growers of lemons need no protection from the tariff, ample protection being afforded them by the popularity of their fruit and the manner in which it is packed.

(10) That the enormous increase in the production of lemons in the State of California has not tended to reduce the prices at which the product is sold to the consumer.

(11) That California lemons are sold largely through the agency of exchanges or other organizations of growers and packers. These associations, through mutual conferences, regulate the sale and distribution of the fruit and fix prices, thus practically eliminating competition.

(12) That the relative profits of the growers of California lemons are largely in excess of the profits enjoyed by other agriculturists.

(13) That the demand for an increase in the tariff duty on lemons is made by the California growers alone, who are apparently not satisfied with the very substantial profits which they already enjoy.

(14) That there are now produced in the State of California approximately but two-fifths of the lemons consumed in the United States, and it is not probable that for a number of years at least a sufficient quantity will be produced to meet the steadily growing demand.

(15) That an increase in the duty will add to the burdens of those absolutely dependent upon California for their supplies.

(16) That owing to the increase in the duty on oranges, from about 25 cents per box under the Wilson tariff to 1 cent per pound (equivalent to approximately 75 cents per box) under the Dingley tariff, foreign-grown oranges have been practically excluded from this country. Thus the Government receives little or no revenue from this source, and the consumers are compelled to pay high prices for oranges or go without them, except for a short period of three months, when Porto Rico and Florida oranges are usually in abundant supply.

(17) That the effect of an increase in the duty on lemons would be to practically exclude the foreign product, leaving the consumers of the entire country wholly dependent upon a few growers in a restricted area. Thus, under normal conditions, there would doubtless be a sensible increase in the prices which the consumers would be compelled to pay; and in the event of a failure of the crop or a material reduction of the output from unfavorable climatic conditions, or any other cause, prices would rise so high as to place the fruit beyond the reach of the masses of the people.

(18) That lemons are not a luxury, but are recognized by competent authorities as a necessity for health and refreshment, and the greatest good to the greatest number demands that they should be put within the reach of all.

(19) That the duty on lemons, when not prohibitive or so high as to discourage importations, does not affect the selling price. The fruit being perishable, the price is determined by its condition when offered for sale and by the relation of the supply to the demand.

(20) That, in the opinion of your petitioners, any increase in the duty on lemons would measurably curtail importations and prove practically prohibitive.

(21) That but a limited area and a very few of our citizens will be benefited by restricted importations, and that the masses will be injured by such restriction.

(22) That the tendency of persons engaged in the production of an article which can be produced only in a restricted area of the country is to combine for the purpose of compelling the consumers to pay a higher price for the article produced. The imposition of an additional duty of half a cent per pound, which is equivalent to about 40 cents a box, making the whole duty approximately $1.15 per box, would foster this tendency, and thus work injury to the masses of the people.

(23) That during the hottest months of July and August domestic-grown lemons are not produced in sufficient quantities to supply the demand.

(24) That California lemons can and do compete with the imported product is shown by the records of auction sales held in the city of New York. These records disclose many instances of the sale of California lemons at $1 and more per box higher than the prices realized on the same days for imported lemons.

(25) That California lemons have an added advantage over the foreign-grown product in all the markets west of New York, by reason of the transportation charges on the imported product from the port of entry to the interior markets, while the blanket rate of freight applied to shipments of California lemons makes it possible to deliver them at all points east of the Rocky Mountains at the same cost as at the port of New York.

(26) That a specific duty of 30 cents per box of 2½ cubic feet capacity would promote the importation of a normal supply of imported lemons and provide revenue for the Government without injury to the California producers.

(27) That the prevailing duty of approximately 75 cents per box is unnecessary, unfair, and inequitable. Its effect is shown by the steady decrease of importations, which, if not checked, will deprive the Government of a fruitful source of revenue and the masses of the people of the means of procuring at reasonable prices a refreshing and wholesome article of food and drink.

(28) That an alteration in the method of levying the duty, making the tax a specific amount per box, instead of per pound, would greatly facilitate the work of the customs department and lessen the expenses incurred by the Government. It would obviate the necessity of weighing the fruit, thus effecting a considerable saving of time and averting the losses which inevitably result from dumping so perishable an article from the original container. It would also relieve all concerned from the vexatious delays and frequent losses that the practice of weighing the fruit imposes upon them.

(29) That the impression that a reduction in the duty on lemons is of interest and profit to foreigners only is erroneous. Practically all the lemons imported are imported by American citizens, and many other American citizens doing business in various sections of the country buy and sell imported lemons. In some parts of the country, notably in the South, climatic conditions make it imperative for dealers to buy the imported lemons because of their recognized superior keeping properties.

Wherefore, may it please your honorable committee, the premises considered, to recommend a reduction in the tariff duty on lemons which shall restore the rate imposed by the Wilson tariff bill, namely, 30 cents per box of standard size of 2½ cubic feet capacity, the said duty to include the box shooks, the duty on any and all boxes of smaller dimensions than the standard size and being of less capacity than 2½ cubic feet to be the same as on boxes of the standard dimensions and capacity, except in the case of half boxes, the minimum capacity of which to be estimated at 1¼ cubic feet and the duty assessed accordingly. Thus the minimum rate of duty would be 30 cents per box and 15 cents per half box.

And your petitioner will ever pray, etc.

THE NEW YORK FRUIT EXCHANGE.
E. ANDREWS, JR., *Chairman*,
WILLIAM A. CAMP,
CHAS W. MAXFIELD,
WM. R. PRALL,
H. M. JONES,
Tariff Committee.

COFFEE.

PORTO RICO ASKS FOR IMPOSITION OF DUTY OF 6 CENTS PER POUND ON COFFEE.

WASHINGTON, D. C., *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: When the Congress of the United States passed the Dingley bill as "An act to provide revenue for the Government and to protect the industries of the United States," it indorsed thereby the economic history of the American people.

When in the last elections the Republican party triumphed, the people of the United States reaffirmed their confidence in the protective system and to that party intrusted the welfare at present enjoyed.

When, by virtue of the Foraker Act, the legislative assembly of Porto Rico and the President of the United States established free trade between our island and the American Union, the producing and consuming population of the United States was increased by one million. And that same declaration of free trade, with the attendant increase of the economic population of the United States, created for Porto Rico a totally distinct economic state, necessarily imposing upon us new duties, but, at the same time, conceding new rights—in an economic sense.

The duties were such as spring from a system of protection by which the consumer consents to pay high prices for the necessities of life, thereby encouraging and supporting the domestic industries and assuring to the workingmen of the country a fair wage.

The rights were such as should be converted into veritable privileges for the products of our soil and of our industries, if to them be extended with equity and justice all the advantages of the protective system which was in full sway in the powerful nation which we entered to form a part of, economically.

When the treaty of commerce with Cuba went into effect, although no mention of Porto Rico is made therein, it was understood, nevertheless, that article 2 of that treaty applied to our coffee, which was thereby declared, by act and by right, a product of the United States—that is, a national industry.

Now, whatever may be the excellence of the principles, theories, and systems which enter as factors in the social, political, or economic development of nations, those principles, theories, and systems must be applied with entire equity and absolute justice in order to be fruitful of good results. The protective system, from the moment that its influence ceases to benefit equally all interests, becomes necessarily injurious and is no longer equitable and just. This is precisely what has happened in Porto Rico.

Suppose for a moment that the States comprised in the territory of the Louisiana purchase—to-day great producers of rice and sugar—were still a dependency of France, and that, by fortune of war or as a result of diplomatic negotiations, they should fall under the control of the United States.

Suppose, also, that in your tariff, although it is protective to the extreme, sugar were listed among the free articles. What would be the situation thereby created? The inevitable ruin of the sugar industry, as well as of all those interests connected therewith, and, finally, misery for a large proportion of the inhabitants of those States. Would it, we ask, be altogether equitable or fair that such a condition should obtain in a country which, besides being protectionist, proudly proclaims as a motto peculiarly its own, "Equal rights for all, privileges for none?" This, however, has been and is virtually the condition of Porto Rico since the declaration of the free trade. Our coffee is exactly in the position in which the sugar of Louisiana would be if the supposed condition were a reality.

For such reasons and for others which will be developed in the course of this memorial the Porto Rican coffee planters and the merchants of the island here assembled in convention petition the Congress of the United States:

First. That coffee be taken from the list of free articles of the Dingley tariff or of any other tariff which hereafter may be adopted by Congress.

Second. That a duty of at least 6 cents a pound be imposed on all foreign coffee imported into the United States.

In the foregoing we simply ask the correction of what we conceive to have been an error. With the extension of the protective system to this industry we seek justice in order to promote the general welfare of our fellow-citizens, and we submit to the consideration of Congress the reasons upon which we base our petition.

REASONS FROM AN AGRICULTURAL AND TECHNICAL STANDPOINT.

Of the land under cultivation in Porto Rico to-day about 175,000 acres are devoted to coffee, and it is not too much to say that with adequate stimulus up to 500,000 acres could easily be planted. It is a fact clearly proved that the soil suitable for coffee can not profitably be used for any other crop. Very certain, therefore, is it that this soil can yield returns only when planted with coffee. The explanation is simple: Coffee is produced in the interior of the island, which is mountainous. As its roots do not extend far below the surface, it does not require a very deep layer of soil. These roots and those of the trees which supply the shade necessary for coffee cultivation assure the stability of the soil by preventing the washing away of the vegetal stratum, which would necessarily occur on the steep slopes of the interior on account of the almost constant rains that prevail in that region. In a few years these lands would become unproductive, as all those that have already been cleared in order to plant other crops now are.

As supplementary to the preceding, it seems fitting to recall a portion of an article written by one who was formerly governor of Porto Rico, the Hon. Beekman Winthrop, and published in the North American Review for January, 1906, from which we quote the following:

> Moreover, conditions of labor on coffee plantations among the hills and under shade trees are healthier than in the sugar-cane field on the coast, where there is no protection from the direct rays of the sun. Another reason for the importance of coffee to Porto Rico arises from the fact that the interior and by far the greater portion of the island is mountainous, and therefore

well adapted to the cultivation of coffee, although not suitable for plantations of sugar cane, coacoanuts, or sea-island cotton. Thus, no other crop can be substituted in its place. Upon the future of this product depends the prosperity or poverty of a very great section of the country.

Therefore, neither the abandonment of the cultivation of coffee in Porto Rico nor the substitution of any other crop can be considered. Not only do the peculiar conditions of our soil prevent such a change, but it should not be forgotten that this is the most widely distributed of our industries, including over 21,000 landholders who are entirely dependent thereon and who are almost entirely Porto Ricans. Moreover, this industry affords the laborer of the mountains the opportunity of becoming a small proprietor and supports almost all the mountain population of the island. The future would hold nothing in store for these people but absolute misery if coffee should be abandoned, as there surely would not be enough work in the other industries to employ all the hands that would become idle.

It has been said by some, and more than once set forth in official reports, that the reestablishment of the coffee industry should be sought, not through protection, but through an increased production, relying on more modern methods of cultivation, improving the quality of the stock, employing proper fertilizers, and widely advertising our product.

Neither the coffee growers nor the people at large ignore the value of the application of modern methods to this, as well as to other industries. But can this much be demanded of the coffee industry, which, due to diverse causes, some stronger than others, is still, as we may say, convalescent from a most serious crisis? First came the loss of the Spanish market; second, the hurricane; then the change in currency; and, lastly, the general decline in prices, the effects of which have been felt here with more intensity than in the other coffee-producing countries where the economic and labor conditions are totally distinct from ours.

As regards advertising, it suffices to observe to those who suggest the same as a remedy that ten years ago not 1 pound of American rice was consumed here. To-day the consumption exceeds 100,000,000 pounds. Yet, not an American producer has spent a single cent in advertising this commodity, because they well know that the import duty of 2 cents a pound on foreign rice assured them the Porto Rican market.

On the other hand, the scantiness of the production of coffee among us at the present time can not serve as an argument against the protection which we seek. Everyone knows that all regions are not equally productive. For example, few are unaware of the fact that the yield of cane per acre in Hawaii is infinitely larger than it is in Louisiana. Nevertheless, it has occurred to no one to suggest the suppression of protection for the sugar in that State.

REASONS FROM AN ECONOMIC AND COMMERCIAL STANDPOINT.

It may be considered as a postulate of protectionism that every consumer is a partial protector in proportion to what he consumes. From this is necessarily derived the other postulate, that every producer has the right to be protected.

One-half of the inhabitants of the island live in the interior and depend almost exclusively for their greater or lesser well-being on

the favorable or unfavorable outcome of the coffee crop. That mass of our population must feed and clothe themselves with American products, because the Dingley tariff will not permit otherwise. Those products are purchased at domestic prices—that is to say, at the advanced prices which the tariff allows—because the import duty is so calculated as to prevent outside competition.

From this it may be seen that in their capacity as American consumers they support in the same proportion as do the consumers of the States the industries of the nation, and if, like them, they suffer the inconveniences of the tariff, their claim to enjoy any advantage thereunder is certainly no more than just.

It is likewise another postulate of protectionism and constitutes one of its principal tenets that, so far as possible, a country should produce what it consumes; and the protective duties to a large extent are due to this principle and to the desire to pay remunerative wages.

It lies within the power of the American Congress to determine whether these postulates shall be carried out within a relatively short space of time. Since the treaty of Paris the American flag waves over territory with soil suitable and sufficient in extent to enable the nation, within ten or fifteen years, to produce within its boundaries the approximately 9,000,000 hundredweight of coffee which the American people consume annually. The $90,000,000 that are now paid for this commodity to foreigners would then remain in the country, being exchanged for American products of American industries.

It is not unreasonable to predict that, under a régime of protection as efficient as that which favors so many other industries, the Philippines, Hawaii, and Porto Rico will produce within a short time the coffee necessary for the needs of the whole nation.

Eloquent proof of what protection may accomplish is shown by the history of several industries in the United States. Without citing a lengthy list of industrial products, for the supply of which the United States hardly fifty years ago were dependent on the countries of Europe, whereas to-day they are furnishing the same products to those countries, let us consider for a moment the phenomenal development of the rice and sugar industries:

Sugar.

	In the year 1877.	In the year 1907.	Thirty years later (difference).
	Tons.	*Tons.*	*Tons.*
Beet sugar	446	375,000	
Cane sugar	89,000	264,000	
	89,446	639,000	549,554

Rice.—Up to the year 1846 this commodity paid no duty whatever, and only by the act of July 30, 1846, was established a duty of 20 per cent ad valorem. From that date until the present the duty has remained, with various modifications in the different tariffs that have followed.

	Pounds.
In the year 1846 there were produced	115,600,000
In the year 1908 there were produced	520,000,000
An increase of	405,000,000

Without recurring to the history of the States, let us see what were the effects of protection in Porto Rico.

Centering our attention on the three principal articles (fruit did not appear among the exports then), we note that the year of heaviest exportations under the former régime was that of 1896. There were exported (in round numbers):

	Provincial currency.
Sugar	$3,735,000
Coffee	13,865,000
Tobacco	423,000
Total (provincial money)	17,023,000
Total (American gold)	10,213,000

In the year 1907, or seven years after the proclamation of the free trade and of the enjoyment of the advantages of protection, our exports amounted, in round numbers, to $25,624,000, distributed as follows:

Sugar	$14,770,000
Coffee	4,693,000
Tobacco	5,382,000
Fruits	779,000
Total	25,624,000

General movement of exportations and importations for like years in American currency:

	1896.	1907.	Difference.
Imports:			
From the United States	$2,647,000	$25,700,000	
From other countries	9,530,000	3,580,000	
	12,177,000	29,280,000	$17,103,000
Exports:			
To the United States	1,700,000	22,070,000	
To other countries	9,530,000	4,900,000	
	11,230,000	26,970,000	15,740,000

These figures speak for themselves. In spite of the decline in coffee, the value of which is seen to be only half of what it was in 1896, the total value of the exports is more than doubled—due exclusively to the protection granted to sugar, tobacco, and fruits. The same rapid development is in store for coffee from that day when, in justice to us, the aspirations embodied in this memorial shall be realized.

Our producing, and consequently our purchasing, power having thus been increased, the American market will be benefited thereby, as we shall of necessity have to look to it to support our needs as consumers almost exclusively.

Everything supports this claim of our coffee producers—not only the reasons from the agricultural and economic standpoint hitherto adduced, but also the real injuries caused by the treaty of Paris. Since that time the Spanish market, which next to Cuba was the principal consumer of our coffee, thanks to tariff concessions, has been lost. Whilst coffee from other countries paid duty and taxes amounting to 14 cents a pound the coffee of Porto Rico paid only 4½ cents under both these heads.

Further, also, as a consequence of the treaty referred to, there occurred two years later the change in currency. The elimination of the provincial money in favor of American gold affected more adversely the coffee than any other industry. The coffee planter had always been assured an indirect premium through his exchange negotiations, as his outlays for wages here were made in the depreciated provincial currency; whereas now, with a currency on a gold basis, wages have increased even in amount over what they were before the change of sovereignty.

The conditions of labor prevailing in those countries that compete with us are entirely distinct from the conditions here. With the exception of Costa Rica and Venezuela, all are on a silver or sometimes paper basis, which latter is completely unstable. This assures very high prices in the local currency for the coffee growers without, however, bringing about, as it logically should, the corresponding increase in the wages of the laborer, because fair adjustments of prices are effected very slowly. The advantageous position which such a cheap money assures the producers is clearly illustrated in the following paragraph, which we take from an article published in the Saturday Evening Post of October 31, 1908, entitled "The great coffee corner." It refers to the famous "valorization scheme" for the coffee of Brazil and, commenting upon the phenomenal development of that industry there, says:

> Prices ruled at figures which were very profitable to the Brazilian planter; and while he could pay his debts, his labor, and other expenses incurred in the planting and cultivation in the paper currency of the Brazilian Government, which had declined some 75 per cent as compared with gold, he sold his coffee for gold drafts, which in turn yielded handsome returns in their depreciated paper currency.

The conditions which prevail in Porto Rico are entirely different from those in the other South American countries. There is no possibility of producing our coffee at the same low price that they can produce it. Such conditions will continue until guaranty of really remunerative prices will permit improvement in the methods of cultivation and the employment of fertilizers which would double and perhaps triple the yield per acre, thus reducing the cost of production.

Such guaranties of remunerative prices are what have, in less than six years, raised our production of sugar from 63,000 to 210,000 tons. They are what have created the $779,000 exports of fruit—which is only the beginning. They are what have changed our former maximum exportation of tobacco from $715,000 gold in 1897 to that of $5,382,000 in the twelve months ending June 30, 1907.

Ten years ago the cultivation of tobacco under shade and the use of costly fertilizers for that product and for sugar and fruits were entirely unknown here. At that time no one thought of the very general use of steam plows or of that modern machinery which gives an extraction of 10 and 11 per cent of sugar from the cane. Guaranties such as we ask for coffee have brought about all this, and if extended to the coffee industry, would give such results that, within a few years, Hawaii, Porto Rico, and the Philippines could more than supply the national market, even taking in consideration the rapid increase of population in the United States, which will naturally bring a corresponding increase in the coffee consumed.

Now that we have touched upon the conditions of labor we think it necessary to state that the new flag has placed our laboring classes in contact with the great labor organizations of the United States. These latter could not, nor do they, view with indifference the low wages paid here in comparison with those enjoyed in the States. And even though the protected interests might be able to grant an increase of wages, this would be impossible in the coffee industry for the reasons hereinbefore expressed. We leave to your consideration this important phase of the problem.

Now that we have expressed the fundamental reasons for our claim that foreign coffee should be subjected to a duty sufficient to offset the advantages enjoyed by the other countries that produce coffee, it remains for us to consider the arguments commonly produced against such a claim.

First argument: "That the 80,000,000 of inhabitants or American consumers can not be burdened in order to favor the few inhabitants who produce coffee under the flag."

This argument is destroyed with the following: In the year 1877 beet sugar appeared for the first time in statistics. The tariff act of July 14, 1870, was then in force, and refined sugar paid a duty of 4 cents a pound. The population of the United States was then 47,000,000 and consumed 745,000 tons of sugar, for which the average price per pound, wholesale, that year was 10.73 cents. Therefore, in order to protect the 89,000 tons of domestic sugar produced that year by the 1,000,000 inhabitants which Louisiana could count at that time, 47,000,000 of Americans were burdened with a tax of approximately $50,000,000. If, at that time, such argument was not used or was ineffective, we fail to see how it can be used to-day or be effective under identical circumstances against Porto Rico, Hawaii, and even the Philippines.

Second argument: "That the production of coffee is very small as compared with the quantity consumed by the nation."

Without including the Philippines, the last coffee crop of Porto Rico and Hawaii, amounting to approximately 60,000,000 pounds, indicates, in respect to the consumption of the coffee in the nation—875,000,000 pounds—a proportion much larger than which has served as the ground to burden innumerable other products. In proof of the preceding, let us cite a very convincing example. Before the year 1890 tin was not produced in the United States. In the tariff act of October 1 of that year the duty upon this article was raised from 1.4 to 2.2 cents a pound. This increase went into effect July 1, 1891. Let us note the results:

	Pounds.
Year of 1891:	
Prior to July 1—	
Importation	1,036,489,074
Production	2,236,743
After July 1—	
Importation	120,819,732
Production	1,293,738,880

In the same way that this decisive protection for the manufacture produced such a development as to almost annul the importation of tin, so there is the absolute certainty that within a short time Porto Rico, Hawaii, and the Philippines would produce all the coffee to supply the American people if assisted by a similar process.

Third argument: "That the placing of a duty on coffee would injure our commercial relations with the other countries producing coffee."

We have to eliminate Mexico in our objection to this argument. Her proximity to the United States, the facility of communication and of transportation, the influence of American capital therein invested, will determine necessarily the supremacy of the United States in the commerce of that country. On the other hand, Mexico exports to the United States only $1,697,000 of coffee, and any duty imposed thereon would not affect commercial relations which, between exports and imports, involve a business of $125,000,000.

Let us glance now at the amount of business, in round figures, of the United States with the other coffee-producing countries—that is, with Brazil, Haiti, Colombia, Costa Rica, Venezuela, Guatemala, Nicaragua, and Salvador.

	Year 1907.	
	Imports from.	Exports to.
Brazil	$97,800,000	$19,000,000
Haiti	1,275,000	2,916,000
Colombia	6,310,000	3,085,000
Costa Rica	4,965,000	2,471,000
Venezuela	7,852,000	3,025,000
Guatemala	3,873,000	2,849,000
Nicaragua	1,028,000	1,923,000
Salvador	1,171,000	1,604,000
Total	124,274,000	36,873,000

Among the imports coffee figures to the extent of $74,000,000, of which amount about $58,000,000 is from Brazil. In the exports sewing machines figure at $464,000, cereals at $3,969,000, meat and lard at $2,689,000, kerosene and cotton-seed oil at $4,069,000, lumber at $1,905,000; total, $12,996,000.

We have classified separately these articles because, as a matter of fact, this amount, approximately thirteen millions, can not be considered as forming part of a business of reciprocity. Whatever may be the agreement which in the American tariff is entered into concerning coffee, these thirteen millions, distributed among sewing machines, cereals, oils, meat, lumber, and several other articles which we have omitted, would necessarily have to be spent in the American market, inasmuch as all the European countries have to buy these articles there, because no other market in the world can supply them on like terms.

Let us now consider the general movement of exports and imports of these same countries according to the latest statistics obtainable:

Imports:	
From the United States	$36,873,000
From other countries	173,098,000
Exports:	
To the United States	124,375,000
To other countries	198,806,000

Note, now, what has been the commercial movement of the United States with Porto Rico, Hawaii, and the Philippines in the years 1907 and 1908:

	Imports from.		Exports to.	
	1907.	1908.	1907.	1908.
Porto Rico	$22,070,000	$25,886,000	$25,700,000	$22,360,000
Hawaii	29,055,000	41,596,000	14,125,000	14,639,000
Philippines	11,510,000	10,164,000	8,658,000	11,546,000
Total	62,635,000	77,646,000	48,483,000	48,545,000

Comparative summary, year of 1907, commerce of the United States.

Imports from—	
Spanish-American coffee-producing countries	$124, 274, 000
Porto Rico, Hawaii, Philippines	62, 635, 000
Exports to—	
Spanish-American coffee-producing countries	36, 873, 000
Porto Rico, Hawaii, Philippines	48, 483, 000

It has been seen what are the imports and the exports of those competing South American countries whose principal product—coffee—finds the open door in the United States with injury to the national coffees of Porto Rico and Hawaii and the almost national coffee of the Philippines.

We consider it unnecessary to proceed further in the refutation of the third argument. The figures cited clearly show that the South American countries thus favored buy in the United States only those things which are not obtainable in other markets to which they give preference, even in spite of the exorbitant duty which in a majority of them is placed on coffee.

The last argument: "That it would injure the poor American consumer and agitate the eternal question of the 'Free breakfast table.'"

When in the year 1895 the possibility of imposing a duty on coffee came up there immediately arose the protest of those who still believe in the poor man's breakfast table or the "free breakfast table." On this occasion a protectionist periodical, Washington Post, published the following:

The recent suggestion of a tariff tax on coffees, probably put out as a feeler, is responsible for the resurrection and reintroduction of the once familiar but never appropriate phase at the head of this article. It was never appropriate; it was always a sarcastic sneer, rather than a statement of fact, because the memory of the most aged citizen runneth not to the time when a free breakfast table, a breakfast table untaxed as to itself, its equipment, and the food and drink it bore, could be found in any American home.

At that time, under the tariff of 1897, what could be more preposterously absurd than the notion that a tax on coffee would be a degree of banishment for that alleged boon.

The truth is, you go to the breakfast table clad in taxed garments, wearing no single article that is not taxed in the tariff; you sit in a chair that is taxed as to all various materials that enter ino it, and taxed as a whole: the table itself is similarly taxed, and we can think of no article on it that is free. Your tablecloth, your napkins, and your napkin rings are all in the tariff schedules. Your fish or meat, your vegetables and fruit, your bread, your butter, your rolls, your griddle cakes, your sugar and sirup, your salt, vinegar, pepper, mus-

tard, olive oil, and all other condiments show up in the list of things taxed. So it is with your china and other crockery, and your knives, forks, and spoons.

And your coffee is free only as to the raw bean. It is roasted over a taxed fire and in a taxed roaster, is stored in taxable receptacles, and transported by taxed horses in taxed wagons; then retailed, it goes out in paper bags, to be deposited in other taxed vessels. Having been ground in a taxed mill, your cook prepares it for the table by using a taxed coffee pot. If you use cream in your "free" coffee, you must use taxed cream; if you use sugar in it, you must use taxed sugar.

This is the free breakfast table, whose exit will come if a duty is imposed on the raw coffee bean.

In reply to this old argument there is one of much more force which is absolutely true. There is for the Porto Rican consumer also an article of food as important as that which is the base of the free breakfast table of the poor American consumer. It is rice. This article if free of duty would be a godsend to our laboring classes. To-day rice pays an import duty of 2 cents a pound, and the consumption in the island in 1907 reached 102,000,000 pounds, with a value of $4,165,330. We refer to the domestic importation exclusively. The increase of cost due to the tariff with which it reaches the Porto Rican consumer is equal to $2.04 per capita every year, calculating our population at 1,000,000. The consumption of coffee per capita in the United States to-day amounts to 12 pounds, while that of rice in Porto Rico reaches 102 pounds. While the duty on rice is oppressing the laboring class of a country as poor as ours at the rate of $2.04 annually, the duty on coffee that we ask would only burden the poor consumer of a country exceedingly rich at the rate of only 72 cents annually.

We believe that with this we have fully refuted the last argument of those which we have cited and which the defenders of free coffee rely on as the one of most weight.

All the countries of Europe collect duties on imported coffee, and these vary from 1¼ to 13⅝ cents per pound.

Even in the United States there was such a duty until the year 1871. If by abolishing it they expected the conquest of the markets of South America, the figures cited in the course of this memorial show results entirely contrary, and it may well be said that the trend of commerce of those countries can not be changed so easily. If you consider for a moment the exports to those countries, you will see that almost none of them presents conditions of friendly preference or of an attitude of reciprocity.

The Spanish-American people go to Europe not only because of the greater mercantile and banking facilities which they find there, but also because of the similarity of their education, which is the distinguishing characteristic of those people, and which necessarily must determine for a long time yet their marked preference for the markets of Europe. Brazil, as well as the other Spanish-American countries, buys in the United States only such articles as the countries of the Old World do not or can not sell so cheaply. With these countries they enter into the most intimate relations, commercial as well as intellectual, by reason of similar conditions of education, feelings, and taste.

REASONS FROM THE POLITICAL STANDPOINT.

It is generally admitted that social discontent very frequently originates from economic inequalities. In the course of this memorial it

seems to us that we have fully demonstrated that the situation of the Porto Rican coffee grower, resulting from the treaty of Paris, has become irritating, owing to the totally distinct aspect which the other industries of the island present to his view, inasmuch as they are on an absolutely equal footing with the protected industries of the States and sharing in the prosperity which protection affords.

It should not be forgotten that social discontent does not manifest itself suddenly in any community. Impatience is rarely collective, but when the evil continues, when hope disappears, when the morrow is always the same as the days past, and the promises of a better state are shattered upon the obstacle of unjustifiable selfishness, then the social group begin to chafe and, slowly but surely, discontent germinates and lack of regard for public authorities and the institutions which the people always hold responsible for the ills that oppress them.

Half a million Porto Ricans have cause for discontent. The Dingley tariff oppresses them, without offering any advantage whatsoever. They live principally on rice and codfish and clothe themselves with the coarsest goods that American manufacturers produce. That codfish, that rice, and that coarse cloth must be bought at the high price which the tariff makes possible and which has been calculated beforehand as necessary for the continued prosperity of the rice, codfish, and textile industries.

The coffee laborer must be content with a penurious day's wages, because the industry which supplies him employment also drags a precarious existence, and that on account of the fact that while the duties at the national ports prove a veritable bulwark for the fruits, sugar, and tobacco, no such bulwark exists for coffee. Any country, although competing with a national product, may offer its coffee to the American consumer under as favorable conditions as our shippers, without having contributed, as our people have contributed, to the support of a régime that assures the existence of the larger part of the national industries.

The Congress should not consent to the continuance of such a state of affairs, which constitutes a privilege, for privileges are contrary to liberty and democracy.

One of the principal issues of the last political campaign has been tariff revision. Therefore, the moment is opportune for the fulfillment of the reasonable ambitions of the new territories, which for ten years have been under the folds of the American flag.

The many years of protection gone by have served admirably to develop many great industries, which, having already passed the stage of infant industries, no longer require such an ample protection. In the reduction of the duties on products of these industries can be found, for those who seriously consider the "free breakfast table," sufficient compensation for the slight injury which the proposed duty on coffee would cause the consumer.

The American consumer in general would be benefited by this change and within a few years we would see a new American industry supplying the needs of 80,000,000 people, and increasing the industrial wealth of the country to the extent of nearly $100,000,000.

The modification of the tariff, in the form and to the extent prayed for, means for the present an increase in receipts of more than $50,000,000 to the National Treasury.

At this moment, when ambition for the supremacy of the States has taken possession of all the great powers, such an increase in receipts can not but facilitate this worthy aim of the American people.

And we, the Porto Rican coffee growers, shall feel proud if we can help to bring about, through this petition, two such desirable ends, first, to insure the development of our agricultural industry; and, second, to have contributed, though indirectly, to the greater splendor of our flag.

Ten years ago the United States of America assumed great responsibilities that can be discharged only through the administration of a just government—that is, in short, equality and like opportunities for all.

Bear well in mind, that economic injustice, above all, diminishes affection, destroys patriotism, and excites animosity. Unwillingness to pay duties that were deemed unjust caused a number of bales of tea to be thrown into the sea; this was the beginning of American independence.

As once said by a prominent Hawaiian, an enthusiastic advocate of the protection of coffee, we think that, more than any other measure, such a step will serve to Americanize the new territories, as it will be a grant of justice—the only hope of young and feeble peoples.

Not by force alone nor by riches are empires cemented. They are rendered indestructible by love. Begin to weave the threads of this sentiment by bettering the condition of the poor Porto Rican coffee planter, by granting the protection that we ask, and to your great nation shall the thanks of the grateful people of Porto Rico be cheerfully tendered.

And your petitioners shall ever pray.

Ponce, Porto Rico, November, 1908.

PONCE BRANCH OF THE CHAMBER OF COMMERCE OF PORTO RICO.

Commission on propaganda for the protection of coffee:

D. COLLAZO,
FRANK MARTINEZ,
W. McK. JONES,
Committee.

JUDGE B. S. RODEY, DISTRICT COURT OF PORTO RICO, WRITES IN ADVOCACY OF DUTY ON COFFEE.

SAN JUAN, P. R., *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR MR. PAYNE: Your many kindnesses to me while I was in Congress leads me to believe you will not think it wrong in me for writing you this note in the interest of Porto Rico, in its request for a tariff on coffee. I am inclined to believe that you have confidence in me, and I may be the only person in the island who is really well acquainted with you. I do not know all the weighty national reasons for and against a tariff on coffee as you do, and therefore I will not attempt to make any argument in that regard. All I can do is to state a few facts

which you may already know, but there may happen to be one that would be information to you. I have been here now since June, 1906, and during that time many causes have been tried before me involving coffee plantations, and I have had several managed by receivers of the court over which I preside. The real truth is that coffee is the poor man's crop in Porto Rico, while sugar and tobacco are more the crops of the rich people. Coffee as a general thing is raised only in the mountains, up the little canyons and on the steep mountain sides, usually shaded by quick-growing trees or bananas. I have looked into it some and I feel certain that ten times as much coffee as is now grown on the island could easily be produced. The crop has never recovered itself since the terrible hurricane of 1889. Probably more than eight-tenths of what is raised is still sold in Europe, but its sale meets since American occupation with all sorts of obstacles with which you are no doubt familiar. It is a coffee of such a superior quality that consumers in the United States have not learned to reduce it enough in strength when using it, but if it was protected against other coffees, it would soon establish itself as more economical because of the small quantity necessary to produce the same strength and because of its splendid flavor.

In my opinion more than one-half of the entire surface area of the island, which means most of the mountainous section, is fitted more for coffee than any other crop. Now, if our national revenues are going to be short this coming year, and if Brazil and other countries have imposed an export duty on their own coffee, it does seem that it would be not only right, but a patriotic act, to protect Porto Rico, Hawaii, and, if you will, even Philippine coffee by the imposition of an equal duty against foreign coffee, especially coffee of those countries that levy an export duty.

I feel that I am right in asserting that there is no other one thing that would so industrially bless Porto Rico at the present time as the putting a duty upon foreign coffee. I know, of course, it is asking a great deal of the people of this nation to require them to pay a duty on coffee for the benefit of these new colonies, so called, but if the doing of it will foster what is yet an infant industry and bring about the raising of a sufficient home supply, it would in the end work out to the good of all. These colonies will buy American goods when they sell their coffee to the people in the States, and this ought to be an argument in favor of it.

I do sincerely hope that yourself and the committee over which you preside may see fit to grant some aid to this island in this regard. It would bless more poor people than anything else you can do for the island, and they can not, as things are, cultivate it and realize a reasonable profit. I am saying this disinterestedly, for I am, first, last, and all the time, a New Mexican, as you well know.

I am sending a copy of this letter to my friend Mr. Dalzell, because I feel that every word in it could be addressed to him from me, as my acquaintance with him and his treatment of me has been the same as your own. There are many other members of the committee to whom I could write, but I hope that you gentlemen will call their attention to this little statement of mine for Porto Rico.

Sincerely, yours,

B. S. Rodey,

Judge of District Court of the United States for Porto Rico.

ENGLISH WAGES.

DURST BROTHERS, WHEATLAND, CAL., HOP GROWERS, FILE STATEMENT OF WAGES PAID LABORERS IN ENGLAND.

WHEATLAND, CAL., *December 7, 1908.*

Hon. SERENO PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Re increased duty on hops and my communication to you of November 13, as bearing on the wages question, I inclose herewith pages 545 and 546 and 561 and 562 of Mark Lane Express (London) of November 16 issue, giving notices of the semiannual hirings of farm servants in England at Stockton, Pearrith, and Darlington.

These are fair samples of wages realized all over England, and are worth your knowing.

The wages per annum paid at these hirings were:

Foremen	£27–£30
Plow youths	12–17
Women, experienced	11–12
Women, other	8–10

That is, for foremen, $135 to $150 per year; plow youths, $60 to $85; women, $40 to $60.

Compare this with our wages here: Men, $350 to $700 per year; foremen, $700 to $1,800 per year. Their piecers get only from 25 to 75 cents per day. Ours make from $1 to $5 per day.

We pay three times as much for labor wages as in England, and four to five times as much as is paid in hop gardens of Germany. Our outlay runs up each season to $200 to $250 per acre. Ninety per cent of this is for labor. We have over $300 per acre invested in improvements and which would be useless if we discontinue growing hops.

There is no overproduction. In 1907 and 1908 we have grown less than our home consumption demands. But the 70,000 to 80,000 bales German hops imported took the place of 150,000 bales home-grown hops.

If there is any occasion for taxing luxuries, now is the time to put 24 cents a pound duty on foreign hops. It means life or death to hop growing on this coast. The hop-growing industry in New York State is already doomed.

Twelve cents per pound extra duty would mean not over one-tenth of a cent extra cost per gallon of beer where imported hops were used, and not one-hundredth of a cent per glass on the beer cost.

Hop growers of this coast are on the verge of bankruptcy. We think if we had a 28-cent-per-pound duty on imported hops it would save the industry.

The injury of such a duty to American consumers would be infinitesimal. To the American hop grower it means financial salvation.

If you want to rescue the hop-growing industry, give us the 24 cents duty.

Respectfully,

DURST BROS.,
By M. H. DURST.

EXHIBIT A.

[From Mark Lane Express Agricultural Journal and Live Stock Record, London, England, Monday, November 16, 1908.]

There was good supply of servants at Stockton hirings on Wednesday. Boys in their first year were engaged at £8 per annum, plowmen from £20 to £30, and foremen at an average of £27. Girls received 2s. 6d. to 5s. per week, and women £17 a year.

At Penrith hirings on Tuesday there were more servants than employers. The feature of the hiring was the reduction in wages obtained by all classes of females, being 10s. to £1 less than for several years past. The following were the ruling prices: Headmen, £14 10s. to £17; second men, £13 to £15; youths, £9 10s. to £11; lads, £6 10s.; best women, £11 10s. to £14; second women, £8 10s. to £11; and girls, £6 to £9.

Carlisle Martinmas hirings took place on the 7th instant and were largely attended by all classes of farm servants except the best men, and women and girls, who were scarce. The best and most experienced men obtained places at £15 to £17 for the half year ending Whitsuntide next; second men, £11 to £14; strong lads, about £10; and younger lads, according to experience, from £6 and £7 to £9. Experienced women were hired at £11 to £12, and more in exceptional cases; second women, £9 to £10; and girls, from £6 to £8.

At the annual November hirings at Darlington there was a small attendance of servants, most of the engagements having taken place previously. Wages were about the same as last year. Foremen received from £27 to £30; second class, £22 to £25; plow youths, £12 to £17; and young lads, £7 to £9 for the year, or proportionate where half-year's hirings were made. Female servants scarce.

It is reported that Mr. Sanday, of Huddington Hall, Wirral, Cheshire, recently lost 25 of his milking cows from a serious disease of the udder. The ailment spread to a neighboring farm, where 5 cows died. At the meeting of the Cheshire County council recently, the chief constable reported that the chief veterinary inspector for the County had visited the affected farms and had decided that the disease was contagious. It was conveyed by the hands of milkers in most cases from one cow to another, and was a somewhat uncommon affliction.

EVERGREEN AND FOREST-TREE SEEDLINGS.

THE MASSACHUSETTS AGRICULTURAL CLUB URGES ABOLITION OF ALL DUTY ON EVERGREEN SEEDLINGS.

BOSTON, MASS., *December 11, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.:

During the last few years the National Government and many of the States, through their respective bureaus of forestry and departments of agriculture, have urged upon the people the need of reforestation. The desirability and importance of this work have been impressed upon the community, not only by the words of those high in official position and by experts well qualified to give wise suggestion and advice, but by the rapidly increasing cost of lumber and by the recognized beneficial influence of forests in preserving valuable water courses. But in endeavoring to carry out the suggestions the farmers and owners of land well adapted to this purpose have found themselves hampered by the high price of the evergreen seedlings most desirable to be planted. This cost is largely increased by the excessive duty laid upon the seedlings—a duty amounting to about 100 per cent. Such seedlings, of the most valuable kind, can be purchased abroad for from $1 to $1.50 per thousand. The freight

charges are small. But the duty is $1 per thousand and 15 per cent ad valorem. The cost of seedlings purchased in this country is about $4 per thousand. Were there many persons engaged in the growth of these seedlings in the United States, or were the cost of their production anything like the price charged for them, there might be some reason for maintaining the present duty. But neither of these conditions exists.

Believing, therefore, that the interests of our country will be promoted by the removal of all duties on evergreen seedlings, the Massachusetts Agricultural Club at its six hundred and seventeenth meeting, held on Saturday, December 5, 1908, unanimously adopted the following resolution and appointed the undersigned members of the club a committee to communicate it to your honorable body:

Resolved, That the Massachusetts Agricultural Club respectfully memorializes the Committee on Ways and Means of the United States House of Representatives, now engaged in considering the revision of the tariff, to recommend in their report the abolition of all duties on evergreen seedlings.

We have the honor to be,
Your obedient servants,

JAS. MURRAY KAY,
President,
BENJ. C. CLARK,
Secretary,
CHARLES L. HUTCHINS,
Massachusetts Agricultural Club.

D. HILL, DUNDEE, ILL., ASKS FOR A DUTY OF $2 PER THOUSAND ON EVERGREEN SEEDLINGS.

DUNDEE, ILL., *December 17, 1908.*

Hon. S. E. PAYNE,
Chairman Committee Ways and Means,
Washington, D. C.

MY DEAR SIR: I have noticed in the National Nurseryman, a trade journal published in Rochester, N. Y., a statement from the committee of nurserymen who appeared before your honorable committee, and that said committee of nurserymen and their friends recommended a change of the various duties on the different varieties of trees, shrubs, and evergreens, classed as nursery stock, entering the United States from foreign countries, and, to say the least, unfair to the majority of growers, especially the large growers of evergreen seedlings and forest-tree seedlings. These trees can be grown very successfully in this country, and in sufficient quantities to supply any demand, whilst fruit stocks, ornamental trees, and shrubs, upon which this committee urge a duty of from $1 to $50 per thousand, can not be successfully grown, except in a few of the Eastern States, in which States I find every member of said nursery committee belong, except one, Mr. Stannard, of Geneva, Nebr.

Millions of dollars are already invested in the growing of evergreens and forest trees for forest planting in the Northwestern States. I have at least in my own nurseries 200,000,000 of such young trees, and many other firms have as many or nearly so.

The cost of labor is much higher in this country than when the present tariff went into effect, whilst the wages in foreign countries have not advanced, especially in the countries of Germany and France. We employ in our nurseries here at Dundee during the planting and shipping season 100 men, at from $1.75 to $3 per day each. The growers of the same trees in Germany pay for labor less than 1 mark (24 cents) per day and board. They work from sunrise to sunset. Here men only work eight to ten hours at most. In France and Holland 30 cents per day is paid to nursery laborers, without board.

In the summer of 1907 I made a personal visit to all the large nurseries in France, Germany, and Holland for the purpose of procuring information especially pertaining to the growing of evergreens and forest-tree seedlings for forest planting.

A far better quality of evergreens and forest trees are grown in this country at the same age as those in foreign nurseries. The difference in the cost of labor, however, does not give the growers of this country a fighting chance to compete with foreign growers. Therefore a straight duty of $2 per thousand trees should be placed upon evergreen seedlings 2 to 3 years of age, and 35 per cent on all evergreens over 3 years of age, and $1 per thousand on deciduous forest-tree seedlings. The present duty of $1 and 15 per cent ad valorem on seedling evergreens is not enough to protect home industries, and is not in proportion to the duties asked for by said nursery committee, which amounts to from $1 to $50 per thousand trees.

I therefore trust you will use all honorable means to place a duty of $2 per thousand on evergreen seedlings 2 years old, instead of $1 and 15 per cent ad valorem, as at present.

Feeling sure this will receive your approval, and the change be made as requested, I remain, dear sir,

Yours, very truly,
D. Hill,
Dundee Nursery.

HON. J. HAMPTON MOORE, M. C., SUBMITS LETTER OF JAMES KREWSON & SONS, NURSERYMEN AND IMPORTERS, CHELTENHAM, PA.

Cheltenham, Pa., *December 16, 1908.*

Hon. J. Hampton Moore,
Philadelphia, Pa.

Dear Sir: The existing low tariff on nursery stock has made it possible for the private planter to import any quantity of foreign-grown stuff he may desire to use, and numbers of our largest buyers go to Europe, or send their gardeners, to make selections.

Again, Germany has restricted the importation of foreign-grown stock, and as Holland has an immense surplus to dispose of at this time, America will be the dumping ground.

It is very apparent to any person familiar with the situation that unless some radical change in the tariff is made immediately, the American grower will be driven out of the business.

As members of the National Association of Nurserymen, and also of the Pennsylvania Association, we beg that you will carefully con-

sider the petition of these associations as presented to the tariff revising committee, to wit, that there be a specific duty imposed on all deciduous trees over 8 feet in height, also on all evergreens over 2 feet in height, and on all shrubs fully developed suitable for decorative purposes.

Knowing your willingness to support any legislation that will foster our home industries, we make this appeal to you.

Very truly, yours,

James Krewson & Sons.

(Letters similar to the above were filed by the following: The Phoenix Nursery Company, Bloomington, Ill.; the Armstrong Nurseries, Ontario, Cal.)

FOOD PRODUCTS.

IMPORTERS, WHOLESALE DEALERS, AND JOBBERS OF FOOD PRODUCTS SUBMIT A SCHEDULE OF RATES.

Committee on Ways and Means,
Washington, D. C.

Gentlemen: The undersigned, importers, wholesale dealers, and jobbers of groceries and food products, submit for the consideration of your committee the following, with a view to facilitate the collection of duties and to increase the revenue of the Government from these sources.

PREPARED OR PRESERVED VEGETABLES IN TINS, JARS, BOTTLES, OR SIMILAR PACKAGES.

The framers of the tariff act approved July 24, 1897, scheduled pease, beans, and mushrooms, prepared or preserved, at 2½ cents per pound, the weight of immediate covering included; this effectually ended attempts at undervaluation and greatly facilitated collection of duties.

Truffles excepted, as all prepared or preserved vegetables are of about the same value, we respectfully recommend a duty of 1 cent per pound, immediate covering included in weight, considering this duty ample to compensate any possible increased cost of labor here as compared with labor abroad.

Truffle.—This article, which is not produced in the United States, and which stands in a class by itself in both use and value, remained in the schedule of nonenumerated vegetables at 40 per cent, as the attention of the framers of the act was not specifically directed to it. The average half tin, containing 200 grams, or about 7 ounces, of truffle, weighs (tin included) 13 ounces; the average value is 4 francs less 5 per cent, about 74 cents. The present duty at 40 per cent being about 30 cents per half tin, this extremely high duty had discouraged consumption, and we firmly believe that with a lower rate the use of this article would be as general and as large in the United States as it is abroad and that the revenue derived under half the present rate would be increased, and we would therefore recommend a rate of 18 cents per pound, the weight of immediate covering included.

SARDINES, ANCHOVIES, SPRATS, BRISTLINGS, SARDELS, OR SARDELLEN PACKED IN OIL OR OTHERWISE IN BOTTLES, JARS, TINS, BOXES, OR CANS.

The present tariff schedules these articles at 1½ cents per package containing 7½ cubic inches or less; 2½ cents per package containing more than 7½ cubic inches and not more than 21 cubic inches; 5 cents per package containing more than 21 cubic inches and not more than 33 cubic inches; 10 cents per package containing more than 33 cubic inches and not more than 70 cubic inches.

The preceding tariff exacted a duty of 2½ cents on quarter boxes measuring not more than 4¾ inches long, 3½ inches wide, and 1¼ inches deep. Practically all importations were in boxes of this size or less, the quantity of large-size boxes being too small for consideration.

The attention of the framers of the act of July, 1897, was called to two disadvantages in this rating.

First. A box exceeding the stated dimensions in any one particular of length, width, or depth could not be entered as a quarter box, even if the cubic contents did not exceed the total dimension.

Second. No provision was made for a box smaller than above dimensions.

The act of 1897 substituted a rating by cubic contents, irrespective of shape, and acceding to representations by the trade that a smaller box should pay an equitably less duty, a rate of 1½ cents was applied to boxes of 7½ cubic inches or less, which was in part a relief, but it still left a wide divergence, comprising boxes of 7½ cubic inches to those of almost three times as much capacity—i. e., 21 cubic inches, all at 2½ cents per box duty.

The boxes of less than 21 inches are purchased by the small consumer of moderate means, and the injustice of taxing this small box at the same rate of duty as the larger one will be at once apparent to your committee.

We would respectfully suggest that, basing upon the present duty of 2½ cents for the 21 cubic-inch box, which weighs 17 ounces, immediate covering included, and hence is equal to 2.35 cents per pound, that a rate of duty of 2.35 cents per pound on these articles, including the weight of the immediate covering and irrespective of size or shape of package, be substituted for the present schedule, as more equitable and more easily and quickly ascertained, thus facilitating the collection of revenue. We also believe that consumption of the boxes intermediate in size between the 7½ and the 21 cubic inches will be materially augmented, and the customs revenue correspondingly increased.

OLIVES.

California growers have requested that the duty on olives in bulk should be advanced from 15 cents per gallon to 25 cents per gallon, in order to protect a home-grown product. We show you below that the importation of Spanish olives in bulk has developed an important American industry, and as such is entitled to the same consideration as is extended to other national interests.

The chief demand is for olives packed in glass, which enables the consumer to see that which he is offered. The ripe or semiripe California olive is not suitable for bottling, and experience has proven

that it will keep only in hermetically sealed tins; for this reason and because of its entirely different appearance and flavor compared with the Spanish olive, it is commercially, and in fact, an entirely different article. An increased duty could in no way benefit the California interest and would only result in adding to the cost of the imported article, restricting its consumption, and hence materially reducing the revenue derived from this source.

The imported olive sells from 40 cents to $1.50 per gallon in bulk, while the California product does not bring more than about 50 cents per gallon in bulk, conclusively showing that the price of the domestic article is not held down by competition of the foreign olive, but its value is decided by its intrinsic merit and its appreciation by the consumer.

We urge upon you consideration of the fact that the imported olive is a raw material indispensable to an important American industry of an annual amount of $3,000,000, in which the American interest enters for $2,040,000 and the foreign for only $960,000; and, further, it is our earnest belief that a reduction of duty from 15 cents to 10 cents per gallon, for which we petition, would so stimulate this industry that the present revenue would be most materially increased.

There are annually imported approximately 10,000 pipes of 160 gallons each, representing foreign interest of foreign value		$960,000
While the American interests are:		
American-made bottles, cases, labels, etc	$1,000,000	
Salaries and wages to American labor	500,000	
American profits of this industry	300,000	
United States revenue on above importations	240,000	
Total American interest		2,040,000
		3,000,000
After many years of effort and experiment, California can oppose only 150,000 gallons (their figures), at 50 cents		75,000
As shown by the California statements.		

The enterprise and activity of California growers has been demonstrated by their success in the cultivation and preparation of prunes, dried apricots, and peaches, in which articles they have not only stopped importations, but have also exported and successfully sold these fruits on the very markets that formerly supplied the United States. Hence, it is self-evident that their failure to produce any showing in keeping on olive growth is attributable not to lack of will and energy, but altogether to soil and climate which can not produce an olive similar to the imported Spanish article.

OLIVE OIL

We take from the exhibit submitted by Mr. Edward F. Woodward, chairman of the California commission, the following figures:

	Gallons.
Importation of olive oil in 1898	736,877
Importation of olive oil in 1907	3,449,517

Showing an increase of 2,712,640 gallons in nine years, or at the rate of 300,000 gallons each year.

The California production of 1907 is stated as 350,000 gallons. The subcommittee admit that an orchard of 160 acres, after being cultivated for fifteen years and producing during eight years, re-

sults in an income of $1.35 per acre during time of production. The logical deduction would be that the best of care and attention which it is stated was given this orchard could not combat the natural causes of this poor result, which were unsuitable climate and soil. The report does not state the quantity of oil produced by this orchard, or this figure would have been more instructive. The profit, however, seems to show that it must have been very small, and certainly no amount of protection could have increased the yield.

It is doubtless unnecessary to enter into further details to show that the conditions governing the production of olive oil are similar to those already stated concerning olives—i. e., the olive tree can not successfully thrive in unsuitable soil and climate—and this from results obtained appearing to be the case in California, it is difficult to see how this State could succeed in producing the quantity required by consumption, but even should it be able to do so, the present duty, equivalent to 30 per cent of the foreign cost, as shown by the California committee, more than offsets the difference in cost of Californian and European labor.

The annual increase in the consumption of olive oil is almost as much as the entire production of California, and this increase augments annually, chiefly by reason of the efforts of the medical profession urging its use as a nutritious, palatable, and healthful food, and in many cases as a remedy.

California has reason to be proud of the immense increase in its production of walnuts, oranges, prunes, etc., to which its committee calls attention, but reading this report further it states that the production of olive oil in Italy is fully equal to the total production of all other European countries combined. Now, when we compare these statements to the one of the 160-acre olive orchard, we are forced to the conclusion that growth and yield are the result of natural causes, and can not either be produced or increased by protection or added cost of labor.

We therefore respectfully submit that the duty be made 30 cents per gallon upon olive oil in small packages as ample, and further that if the duty on oil in bulk was reduced to 20 cents per gallon, the result would be an American industry in bottling far exceeding the one established in bottled olives.

We would most urgently recommend that olive oil imported for industrial purposes free of duty should be thoroughly denatured and rendered absolutely unfit for use as an edible oil.

Respectfully submitted.

December 16, 1908.

La Manna Azema & Farnan, 397 Washington street, New York; Park & Tilford, 917 Broadway, New York, J. R. Agnew, vice-president; Acker, Merrall & Condit Co., 135 West Forty-second street, New York, Frank A. Merrall, vice-president; Austin Nichols & Co., 61 Hudson street, New York, per J. C. Mahlan; Clark, Chapin & Bushnell, 397 Greenwich street, New York; Truman Brotley, Hudson and North Moore streets, New York; W. B. S. Jurgens, by Chas. H. Bogel, 248 Flushing avenue, Brooklyn, N. Y.; Heissenbutt C. Hearing & Co., 230 Flushing avenue, Brooklyn, N. Y.;

Henry McGruber & Son, 66 Washington, Brooklyn; Henry L. Meyer, 37–157 Wallabout Market, Brooklyn; James S. Smith & Company, New York and Chicago; Meyer Lange, New York; Argenin Carl Rainey, New York; Godillot & Co., New York; Francis H. Leggett & Company, Francis H. Leggett, president, New York; Geo. F. Brady, New York; R. C. Williams & Co., per F. H. Olson, New York; K. U. Delapentra & Co., K. U. Delapentra, president, New York; Von Bremen MacMoumes & Co., New York; Koenig & Schuster, New York; Bennett, Sloan & Co., per Charles M. Freeman, New York.

GRAPES.

STATEMENT SUBMITTED BY FRANCIS E. HAMILTON, NEW YORK CITY, IN BEHALF OF IMPORTERS OF ALMERIA GRAPES.

New York, *December 10, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen: Your petitioners, importers of Almeria grapes, respectfully request that paragraph 265 of the act of July 24, 1897, be omitted from the revised tariff now under consideration, and that grapes be placed upon the free list.

The reasons supporting this request are briefly as follows:

The grape industry of California requires no protection, as it now produces and markets nearly three times as many grapes as are imported, while the foreign grape industry has been so burdened by the existing duty that it is in danger of extinction.

The importations of the season just closed are quite decidedly less than for 1907, and the reports from Spain, where the grapes are grown, show that the producer has made no profit from his vineyards and is ready to give up the industry if the duty remains.

The fruit is no longer a luxury and should be within the reach of all citizens, but as this country is unable yet to meet this demand, unless foreign grapes are brought in the consumer will either be unable to enjoy the fruit, or, on account of the shortage, the price will place it beyond the reach of the masses.

The question of revenue, never having amounted to $300,000, is too small to be of moment in comparison with the rights and interest of the public and consumer, who should be permitted the use of this healthful fruit at the minimum cost.

The duty is not required as a protection to the home product and is only called for by the home producer in order that he may reap the benefit of the higher prices thus established.

The present consumption of grapes grown in California and Spain in the American market is about 55,000 tons, of which quantity during the present season California supplied 41,000 tons. This is no longer an infant industry requiring protection, as the home product is nearly three times as great as the quantity imported.

Almeria grapes do not compete with California or home-grown grapes, as the time of marketing and the quality of the grapes are separate and distinct.

California grapes market from September 1 until about November 15. Almeria grapes market from October 1 until about December 15, although the larger part of them are held by jobbers in cold storage and sold to the retailer and consumer from January 1 until April 1.

The California grape must be eaten within seventy-two hours after leaving the refrigerating car. It is not a fruit that will store or keep.

These conditions separate the fruits so that it can not be claimed in justice that the imported grape has any effect upon the price of the home product.

If the Almeria grape fails to be imported, however, the price of the California would as a natural consequence advance, since California is not yet producing a large enough quantity to supply the demand.

Under the present duty rate the Almeria grape can not be successfully imported.

This condition has developed within a very few years and for this reason: The cost of the production of the grape in Spain has nearly doubled in the past ten years, and the cost of the labor to produce it at present rates, far higher than even three years ago, together with the expense of packing, cartage, and freight, has entirely absorbed whatever of profit the trade formerly yielded.

It is an admitted condition among both the growers and importers of Almeria grapes that unless the duty is removed the business will continue but a short time, with the necessary result that the American market will be short of grapes and thus left entirely to the mercy of the home growers. To establish the fact of the present precarious condition of the trade we submit the following data:

Almeria grapes sell in the New York market at an average price per barrel, 45 pounds net, of about $3.15.

The cost of production and transportation is substantially as follows:

	Barrel.
Cost of picking, packing, and cartage to dock	$0.285
Cost of package	.60
Cost of cork packing	.15
Cost of freight	.43
Duty per barrel	.39
Auction charges, commission, insurance, etc., New York	.30
Cost to produce in Almeria, taking labor only into account	1.10
Actual cost to grower	3.255

It will readily be seen that if the above figures are correct it will not be long until the producer, whose fruit must pay all charges before it can return to him the actual expense for labor per barrel, $1.10, which he has paid out during the year of growing, recognizes that his business is a losing one and gives it up.

This result would have taken place some years since if the grapes were grown by great organizations as in California, where mutual knowledge and mutual helpfulness aid the individual; but in Spain each small nurseryman works for himself, few have vineyards producing over 500 barrels of grapes annually, and as each man puts his

own labor in, it is not until he finds his work actually going for nothing, his grapes crossing the sea, but no money coming back, that he realizes the conditions.

The past two years, however, have brought this serious question home to the grower, and as a result it may be positively stated that unless the duty is removed so that the producer in Spain can receive some returns for his crop Almeria grapes will disappear from the markets of the United States.

Further verified figures as to cost, both of labor and expense of growth, will be submitted to your honorable committee as soon as received from Spain.

In conclusion, we earnestly urge that the duty upon grapes be entirely removed, first, because such duty is not a revenue producer in any event; second, because it is no longer needed to protect the grape industry of the United States, which now produces three-fourths of all the grapes consumed in this market; third, because, if not removed, the imported grape trade will cease, the public be deprived of the fruit, and the price of the home product necessarily be advanced, to the detriment of the consumer.

Very respectfully,

Sgobel & Day, per H. W. Day; Argenin Carl Rainey, per L. C. Rainey; Simons, Shuttleworth & French Co., per W. M. French; Maynard & Child, per P. F. Love, Attorney; P. P. Manuel Orozco & Co.; Franco Gomez Cordero; P. P. Rafael, Martinez; Diego O'Connor.

HONEY AND WAX.

THE HAWAIIAN BEE KEEPERS' ASSOCIATION URGES RETENTION OF PRESENT DUTY ON HONEY.

WASHINGTON, D. C., *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The honey and wax industry in the Hawaiian Islands represents an investment of some $250,000. The industry is one of the few minor industries that is established and on a paying basis. However, the margin of profit is so small that a discontinuance of the present tariff would ruin the local industry. The net profit does not average more than one-half cent per pound, while the duty on honey amounts to 1⅔ cents per pound. The Hawaiian product comes in direct competition with Cuban honey, and Cuba can produce honey and pay the duty of 1⅔ cents per pound and sell at a profit for the same price that the Hawaiian producers receive. As is the case with all products of Hawaii, honey and wax must go to the mainland or world's market. There is no chance whatever to sell an appreciable amount locally as a table honey, neither are there large baking or confectionery concerns here that can use it in bulk; neither can the Hawaiian producers place their honey on the main-

land market as a table honey in competition with the producers of that article there. The Hawaiian product does not come in competition with the table-honey trade of the mainland in any way, the entire product being shipped in bulk for the baking and confectionery trade.

The matter of retaining, and if possible increasing, the present tariff of 20 cents per gallon, or 1⅗ cents per pound, on honey directly interests every bee keeper in the United States, and the National Bee Keepers' Association has passed resolutions to the effect that an aggressive effort should be made in this direction. At the annual meeting held in Detroit in October a separate resolution was also passed recommending further that a tariff of 10 cents per pound be placed on beeswax.

Herewith I submit four tables, compiled by Dr. E. F. Phillips, in charge of apiculture, Department of Agriculture, Washington, D. C., which will give you all the available information concerning the imports and exports of honey and beeswax into and from the United States. On a separate sheet you will find the tariff schedules of honey and wax in the different laws. These tables tell exactly the sources of the honey and show also what country is our main competitor. The price given under "Imports" is the price at the port at which consigned. Freight rates from Cuba and other countries shipping honey to the United States can not be obtained, but the rates imposed on the Hawaiian producers are necessarily far in excess of the Cuban rates. It costs the Hawaiian producer not less than 1 cent per pound to market his honey. The cost of production is not less than 2½ cents per pound, and the gross returns do not average more than 4 cents per pound.

The honey industry is one that appeals to a man of small means. The product is not perishable and can be stored until a sufficient quantity is obtained to enable the producer to take advantage of the lower rates of freight that prevail for large shipments. It is an industry that can be carried on independently on a large scale, where the territory will permit, or one that can be taken up as a side issue in conjunction with other pursuits where the territory is limited. Not more than 60 per cent of the territory of these islands capable of offering pasturage for bees is now occupied by apiaries. The industry is being gradually developed and extended, but, as is the case with all minor industries, has met with many difficulties, and much experimental work has been necessary to determine the best methods of apiculture for the semitropical conditions met with in these islands. The Hawaiian Bee Keepers' Association feels that it is of paramount importance that no reduction in the honey tariff be made. The industry is one along the line that Congress has repeatedly urged those in authority in Hawaii to undertake, and every encouragement should be offered to those engaged in apiculture in Hawaii, to bring the industry to a permanent and profitable basis. Any reduction in the honey tariff would ruin the bee-keeping industry in Hawaii.

Yours, very respectfully,

D. L. Van Dine,

Secretary Hawaiian Bee Keepers' Association.

Tariff schedules on honey and wax under the different laws.

Acts of—	Tariff on honey.	Tariff on wax.
July 30, 1846	30 per cent ad valorem	20 per cent ad valorem.
March 3, 1857	24 per cent ad valorem	
July 14, 1862	15 cents per gallon	30 per cent ad valorem.
June 30, 1864	20 cents per gallon	
March 3, 1883	do	20 per cent ad valorem.
October 1, 1890	do	Free.
August 27, 1894		Do.
July 24, 1897	20 cents per gallon	Do.

Exhibit A.

Imports of honey into the United States, 1901–1908, by countries from which consigned.

Year ending June 30—	Cuba.				Mexico.				Santo Domingo.			
	Pounds.[a]	Value.[b]	Average price per pound.	Percentage of total imports from all countries.	Pounds.[a]	Value.[b]	Average price per pound.	Percentage of total imports from all countries.	Pounds.[a]	Value.[b]	Average price per pound.	Percentage of total imports from all countries.
1901	809,784	$31,591	$0.039	37.0	727,728	$25,659	$0.035	33.3	327,876	$13,091	$0.040	15.0
1902	181,736	5,807	.044	6.6	1,361,052	33,269	.024	67.8	160,440	4,853	.030	8.0
1903	1,565,088	64,867	.041	45.3	1,166,796	31,697	.027	33.8	198,204	4,897	.025	5.8
1904	1,296,912	42,597	.033	52.4	652,404	12,345	.019	26.3	373,212	8,952	.024	15.1
1905	1,575,768	57,918	.037	66.1	516,804	10,477	.020	21.7	162,792	4,063	.025	6.8
1906	756,312	26,239	.035	45.8	724,488	18,107	.025	43.7	27,840	820	.029	1.7
1907	915,744	33,380	.036	43.4	884,340	27,534	.031	42.0	31,272	746	.024	1.5
1908	1,162,872	46,726	.040	45.7	1,045,944	37,926	.036	41.1	49,068	1,376	.028	1.9

Year ending June 30—	Haiti.				All other countries.				Total.		
	Pounds.[a]	Value.[b]	Average price per pound.	Percentage of total imports from all countries.	Pounds.[a]	Value.[b]	Average price per pound.	Percentage of total imports from all countries.	Pounds.[a]	Value.[b]	Average price per pound.
1901	146,256	$5,086	$0.035	6.7	174,708	$8,172	$0.047	8.0	2,186,352	$83,599	$0.038
1902	35,184	1,173	.033	1.7	319,200	11,281	.035	15.9	2,007,612	56,383	.028
1903	255,588	5,013	.020	7.4	266,676	8,926	.033	7.7	3,452,352	115,400	.033
1904	58,476	1,273	.022	2.4	94,500	3,856	.041	3.8	2,475,504	69,053	.028
1905	44,052	779	.018	1.9	83,988	3,482	.041	.315	2,388,404	76,719	.032
1906	81,444	1,703	.021	4.9	68,568	3,782	.055	4.1	1,658,652	50,651	.031
1907	188,640	4,849	.026	8.9	88,068	4,345	.049	4.2	2,108,064	70,854	.034
1908	106,116	2,870	.027	4.2	179,904	9,527	.053	7.1	2,543,904	98,425	.039

[a] Custom-house returns of honey are given in gallons, assumed here to weigh 12 pounds.
[b] Imports of honey into the United States are subject to a specific duty.

Values.—The values of all imported articles, whether subject to ad valorem or specific duties or free of duty, are regulated by the act of Congress of June 10, 1890.

The actual market value or wholesale price of such merchandise as bought and sold in usual wholesale quantities at the time of exportation to the United States in the principal markets of the country from whence imported, and in the condition in which such merchandise is there bought for exportation to the United States or consigned to the United States for sale, including the value of all cartons, cases, crates, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in condition ready for shipment to the United States.

Valuation deceptions.—The value of imported articles subject to ad valorem duties is believed to be determined with more accuracy, according to the legal method of valuation, than other imports, with specific duties or free, and exported articles. The valuations of dutiable imports and of exports dutiable in foreign countries tend to understatement, and the valuations of imports that are free of duty are often inflated for the purpose of trade deception.

EXHIBIT B.

Imports of beeswax into the United States, 1901–1908, by countries from which consigned.

Year ending June 30—	Cuba. Pounds.	Cuba. Value.[a]	Cuba. Average price per pound.	Cuba. Percentage of total imports from all countries.	Mexico. Pounds.	Mexico. Value.[a]	Mexico. Average price per pound.	Mexico. Percentage of total imports from all countries.	Santo Domingo. Pounds.	Santo Domingo. Value.[a]	Santo Domingo. Average price per pound.	Santo Domingo. Percentage of total imports from all countries.
1901	110,778	$28,539	$0.258	91.8	13,446	$3,080	$0.229	6.3	41,225	$10,241	$0.248	19.3
1902	157,839	44,364	.281	38.6	23,366	5,670	.217	5.7	73,364	21,118	.288	17.9
1903	147,917	42,357	.286	30.3	162,332	36,476	.225	33.2	82,829	21,364	.258	16.9
1904	98,455	28,682	.291	23.1	167,843	45,673	.272	39.5	80,783	21,061	.261	19.0
1905	79,926	24,006	.300	21.4	87,943	23,265	.265	23.5	46,816	11,193	.239	12.5
1906	158,523	48,120	.304	27.0	46,421	13,485	.290	7.9	34,052	8,596	.252	5.8
1907	331,942	93,702	.282	36.2	47,262	15,417	.326	5.2	67,264	16,941	.252	7.3
1908	264,984	76,431	.288	39.5	41,489	13,290	.320	6.2	55,311	13,085	.237	8.2

Year ending June 30—	Haiti. Pounds.	Haiti. Value.[a]	Haiti. Average price per pound.	Haiti. Percentage of total imports from all countries.	All other countries. Pounds.	All other countries. Value.[a]	All other countries. Average price per pound.	All other countries. Percentage of total imports from all countries.	Total. Pounds.	Total. Value.[a]	Total. Average price per pound.
1901	11,286	$4,292	$0.380	5.3	37,038	$9,732	$0.263	17.3	213,773	$55,884	$0.261
1902	6,378	3,013	.473	1.6	147,764	42,372	.287	36.2	408,706	115,937	.284
1903	25,276	7,692	.304	5.2	70,222	19,331	.275	14.4	488,576	127,220	.260
1904	38,106	10,359	.272	9.0	39,981	11,103	.278	9.4	425,168	116,878	.275
1905	62,547	16,047	.257	16.8	96,337	26,610	.276	25.8	378,569	101,121	.271
1906	27,311	7,326	.268	4.6	321,310	90,487	.282	54.7	587,617	168,014	.286
1907	48,831	13,555	.278	5.3	421,789	125,022	.296	46.0	917,088	264,637	.289
1908	58,147	15,379	.264	8.6	251,595	76,584	.304	37.5	671,526	194,769	.290

[a] Imports of beeswax into the United States are free of duty.

Values.—The values of all imported articles, whether subject to ad valorem or specific duties or free of duty, are defined by the act of Congress of June 10, 1890, as—

The actual market value or wholesale price of such merchandise as bought and sold in usual wholesale quantities at the time of exportation to the United States in the principal markets of the country from which imported, and in the condition in which such merchandise is there bought for exportation to the United States or consigned to the United States for sale, including the value of all cartons, cases, crates, boxes, sacks, and coverings of any kind, and all other costs, charges, and expenses incident to placing the merchandise in condition ready for shipment to the United States.

Valuation deceptions.—The value of imported articles subject to ad valorem duties is believed to be determined with more accuracy, according to the legal method of valuation, than the value of imports with specific duties or free of duty or the value of exported articles; the valuations of dutiable imports and of exports dutiable in foreign countries tend to understatement, and the valuations of imports that are free of duty are liable to inflation for the purpose of trade deception.

Exhibit C.

Imports and exports of honey of the United States, by decades, 1855-1908.

Year.	Imports.			Exports.[a]		
	Weight.	Value.	Average price.	Comb.	Extracted.	Both comb and extracted.
	Pounds.					
1855	5,245,908	$138,189	$0.0263			
1856	5,142,432	169,648	.0330			
1857	4,975,908	202,436	.0408			
1858	4,790,388	149,915	.0313			
1859	5,448,372	196,751	.0361			
1860	4,626,420	163,027	.0352			
Total	30,229,328	1,019,961	.0337			
1861	3,970,320	146,464	.0369			
1862	4,311,960	195,485	.0453			
1863	3,394,896	158,852	.0468			
1864	3,461,832	162,071	.0468			
1865	1,899,072	87,954	.0463			
1866	3,332,724	135,253	.0406			
1867	2,614,824	128,537	.0491			
1868	2,546,112	117,172	.0460			
1869		77,405		$1,152		
1870		76,459		8,520		
Total		1,285,652				
1871		56,891		2,479		
1872		80,014		2,677	$28,168	$30,845
1873		128,925				
1874		88,379		714	57,895	58,609
1875		109,368		3,586	29,563	33,149
1876		72,935		2,534	26,079	28,613
1877		61,205		36,302	54,663	90,965
1878	1,403,724	67,111	.0478	6,212	24,638	30,850
1879	1,005,984	48,169	.0479	134,728	27,958	162,686
1880	1,293,360	59,806	.0463	26,820	28,439	55,259
Total		772,803				
1881	2,364,528	110,059	.0465	109,007	89,761	198,768
1882	1,831,164	78,976	.0431	19,082	30,592	49,674
1883	1,939,500	78,911	.0407	27,826	4,907	32,733
1884	1,530,432	57,448	.0375			68,764
1885	1,821,432	67,572	.0371			224,212
1886	1,520,688	45,551	.0299			44,735
1887	1,766,592	47,679	.0269			67,154
1888	1,893,816	46,210	.0244			77,579
1889	968,976	26,624	.0274			93,888
1890	757,428	27,191	.0359			113,101
Total	16,394,556	586,216	.0358			900,608
1891	572,880	20,808	.0363			83,325
1892	841,236	31,418	.0373			78,048
1893	2,113,764	79,396	.0376			15,115
1894	1,831,716	56,156	.0307			127,282
1895	809,328	22,998	.0284			118,873
1896	959,820	30,609	.0319			90,969
1897	797,184	27,599	.0346			22,368
1898	1,159,248	38,158	.0329			98,504
1899	1,514,604	51,599	.0341			55,900
1900	1,762,320	70,857	.0402			30,191
Total	12,362,100	379,593	.0307			720,575
1901	2,186,352	83,599	.0382			55,574
1902	2,007,612	56,383	.0281			106,112
1903	3,452,352	115,400	.0334			64,220
1904	2,475,504	69,053	.0279			69,317
1905	2,383,404	76,719	.0322			63,367
1906	1,658,652	50,651	.0305			111,945
1907	2,108,064	70,854	.0336			93,690
1908						78,102
Total						642,327

[a] Only values are given in exports.

EXHIBIT D.

Imports and exports of beeswax into the United States, by decades, 1851–1907.

Year ending June 30—	Imports.			Exports.		
	Pounds.	Value.	Average price.	Pounds.	Value.	Average price.
1851				[a]415,923	[a]$122,835	[a]$0.295
1852				[a]326,368	[a]91,499	[a].280
1853				[a]376,698	[a]113,602	[a].302
1854				[a]327,554	[a]87,140	[a].266
1855				[a]257,415	[a]69,905	[a].272
1856				[a]270,320	[a]74,005	[a].274
1857				[a]315,878	[a]91,983	[a].292
1858				[a]366,246	[a]85,926	[a].235
1859				[a]290,374	[a]94,850	[a].327
1860				[a]362,474	[a]131,803	[a].364
Total				[a]3,308,745	[a]963,548	.2912
1861				[a]270,425	[a]94,495	[a].349
1862				[a]142,312	[a]47,383	[a].333
1863				[a]258,901	[a]80,899	[c].312
1864	[b]54,087	[b]$13,667	[b]$0.253	[a]341,458	[a]170,418	[a].499
1865	20,899	6,414	.307	[a]338,776	[a]261,381	[a].772
1866	[b]23,900	[b]10,420	[b].436	[a]272,987	[a]130,650	[a].479
1867	25,617	5,450	.213	[a]253,068	[a]96,282	[a].380
1868		5,609		[a]826,887	[a]255,365	[a].309
1869					189,396	
1870		[b]19,897		[a]346,668	[a]137,443	[a].396
Total					[a]1,463,712	
1871		[b]16,817		[a]365,195	[a]118,070	[a].310
1872		[b]20,196		[a]446,474	[a]126,130	[a].283
1873		14,661		[a]374,486	[a]118,053	[a].315
1874		7,918		[a]342,068	[a]113,800	[a].333
1875		15,400		[a]353,425	[a]96,578	[a].273
1876		14,668		[a]218,610	[a]69,127	[a].316
1877		[b]16,844		[a]276,891	[a]84,461	[a].305
1878		13,302		[a]326,613	[a]95,074	[a].291
1879		[b]15,861		168,745	45,823	.272
1880		[b]2,766		193,217	48,880	.253
Total		[b]138,433		3,065,724	910,996	.2971
1881		[b]6,733		164,090	40,203	.245
1882		[b]5,312		124,227	32,325	.260
1883	168,879	41,681	.247	59,455	17,604	.296
1884	48,123	9,323	.194	51,748	16,042	.310
1885	91,764	21,211	.231	30,877	9,758	.316
1886	26,546	5,718	.215	136,179	36,626	.269
1887	10,843	2,371	.219	90,350	24,997	.277
1888	51,702	9,411	.182	78,070	20,554	.263
1889	75,951	11,773	.155	99,917	23,918	.239
1890	126,319	20,282	.161	171,391	19,727	.115
Total		133,815		1,006,304	241,754	.2402
1891	379,135	80,485	.212	120,548	30,027	.249
1892	271,068	65,487	.242	127,470	31,898	.250
1893	248,000	62,024	.250	77,434	22,048	.285
1894	318,660	80,024	.251	469,763	118,093	.251
1895	288,001	78,776	.274	309,212	90,875	.294
1896	273,464	75,970	.278	222,612	65,844	.296
1897	174,017	43,339	.249	195,048	56,462	.289
1898	272,097	72,473	.266	151,094	41,827	.277
1899	452,016	109,957	.243	152,494	41,916	.275
1900	213,813	51,526	.241	319,379	91,913	.288
Total	2,890,271	720,061	.2491	2,145,054	590,903	.2755
1901	213,773	55,884	.261	140,276	39,464	.281
1902	408,706	115,937	.284	125,283	36,541	.292
1903	488,576	127,220	.260	70,811	21,337	.300
1904	425,168	116,878	.275	55,631	16,545	.300
1905	373,569	101,121	.271	85,406	24,966	.292
1906	587,617	168,014	.286	101,726	29,894	.294
1907	917,088	264,637	.289	117,169	36,392	
1908						

[a] Stated as wax. [b] Including manufactured.

MACARONI.

HON. W. H. STAFFORD, M. C., SUBMITS LETTER OF THE LORENZ BROS. MACARONI COMPANY, MILWAUKEE, WIS.

MILWAUKEE, WIS., *December 16, 1908.*

Hon. W. H. STAFFORD,
House of Representatives, Washington, D. C.

DEAR SIR: Pardon us for applying to you for assistance in a matter which is directly affecting our industry, that of the manufacture of macaroni and kindred products.

The foreign manufacturers of macaroni, and especially those of Italy and southern France, are, and have been in the past, the greatest importers of their product into the United States. Authentic statistics at hand show that from one section of Italy there was imported into this country, in 1906, 77,900,000 pounds, at a valuation of $2,800,000. We have not the figures for years 1907 and 1908, but we understand that they are considerably higher than for 1906.

We understand our Government is at present maintaining a duty of 2 cents a pound on imported macaroni, which is, however, hardly adequate, because of the cheap labor market in the foreign countries here mentioned.

The Ways and Means Committee, at present in session in Washington, has granted our association a hearing, which will take place this week, I believe on the 18th.

We would kindly request the favor, if it is possible to be given us, that you put in a good word for the retaining of the present schedule of duty on imported macaroni and similar food articles, as our industry, which, we might say, is yet in its infancy, would otherwise be unable to compete with the foreign manufacturers in our home markets.

Thanking you very kindly and courteously in advance for any favors granted us in this regard, we beg to remain.

Yours, truly,

LORENZ BROS. MACARONI CO.,
By L. R. LORENZ, *Manager.*

MUSTARD.

FRANCIS E. HAMILTON, NEW YORK CITY, SUBMITS BRIEF IN BEHALF OF IMPORTERS.

NEW YORK CITY, *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: On behalf of the importers of mustard it is respectfully prayed that the present duty of 10 cents per pound, under paragraph 287 of the act of 1897, be reduced to 2½ cents per pound.

As a revenue producer this article is negligible, and as it is a necessity it should be placed upon the free list, unless in the protection of home production it is necessary to impose a duty.

As far back as 1862, when the mustard-flour industry was in its infancy in this country, a duty of 16 cents per pound was levied upon it, which was continued about ten years. In 1872 the rate was reduced to 14 cents and in 1883 to 10 cents. It is now fifteen years since this last reduction. The production of mustard in this country has become a well-established and most profitable business, there being 10 large manufacturers in the East alone. The total consumption of mustard flour in the country is supplied to more than 90 per cent by the home producers, and they could with no trouble supply the entire demand. The present rate of duty compels the importers of mustard to sell the same to the consumer at a rate which could be greatly reduced under a lower tariff, but which enables the home producers to hold the home product at a correspondingly high rate, and as a result the consumer, as a citizen of the United States, receives the indirect benefit of a 10 cent per pound duty collected upon 10 per cent of the total quantity consumed, and in return is called upon to pay at least 10 cents per pound upon the other 90 per cent of the total quantity consumed, which, all of it, goes into the profits of the home producer.

In other words, this is a striking example of a man's biting off his nose to spite his face. For every penny of benefit you or I or any consumer of mustard receives through the present tariff rate you and I and every consumer pays 9 cents to the home producer.

The highest grades of imported mustard sell at about 40 cents per pound; the next quality at about 28 cents per pound, and, if packed in kegs, at about 24 cents per pound.

The same grades of mustard produced in this country sell relatively at about 29 cents, 25 cents, and 21½ cents.

It will be noted that a duty of 2½ cents per pound would protect the home product if any protection at all is needed, and that the above figures prove it.

Francis E. Hamilton,
(for importers of mustard).

OLIVES AND OLIVE OIL.

R. C. WILLIAMS & CO., NEW YORK CITY, ASK FOR REDUCTION IN DUTIES ON OLIVES AND OLIVE OIL.

New York, *December 10, 1908.*

Hon. Sereno E. Payne,
Chairman Ways and Means Committee,
Washington, D. C.

Dear Sir: Our attention has been called to the request of the California olive and olive-oil interests before the Ways and Means Committee for an increase in the duty on olives and olive oil.

We want to most emphatically protest against any such increase on the grounds that, in the first place, California and Spanish olives are an entirely dissimilar product, not comparable in flavor, color, keeping quality, or demand; and, in the second, the present production of California olives and oil would satisfy such an infinitesimal por-

tion of the demand for these goods in this country, even were they acceptable to consumers as a substitute, that it would be a serious imposition on millions of consumers for the protection of a product the output of which, according to all information obtainable, can not even begin to cope with the demand, and which in the case of the olives is a product of different flavor, and in the case of the oil, of too high quality for the ordinary large commercial purposes.

Seventy-five per cent of the Spanish olives imported here reach the consumer in bottles, being imported in bulk and repacked here.

This is in itself a large industry scattered over the country, and should be considered as offsetting in part the California growing or packing interest, than which it is no doubt many times greater.

Further, we respectfully petition your committee for a reduction of 5 cents per gallon in the tariff on olives, especially on the cheaper or Manzanilla grade, on which a duty of 15 cents per gallon represents a tax of 50 per cent on its invoice cost. This is considerably higher than many food products which could be named.

We would ask for a reduction in the tariff on olive oil in 5-gallon tins and larger packages of 20 cents per gallon, making the duty 20 cents instead of 40 cents. Oil imported in these size packages is all repacked here into smaller tins or glass, thus using large quantities of American-made tins, glass, labels, to say nothing of the labor involved.

A duty of 20 cents per gallon is ample protection for California oil, which, owing to its high price and grade, does not compete with the cheaper and largely used imported oils which this proposed reduction would most affect. These grades are largely used by many of the poorer classes of our citizens, with many forming one of their chief articles of food.

California oil is entirely different in nature and flavor. It has never been a factor in the oil trade of the country, not because of its price so much as because of its general nature.

Respectfully submitted.

R. C. Williams & Co.,
F. H. Olson.

PEANUTS.

E. J. RAIFORD, CONLEY, VA., GIVES REASON WHY DUTY SHOULD BE ADVANCED ON PEANUTS.

Conley, Va., *December 19, 1908.*

Committee on Ways and Means,
Washington, D. C.

Gentlemen:

* * * * * * *

There are two special points I want to bring before your committee. The reason we ask for an increase of tariff on peanuts is this: I realize that the number of bushels is not very large that is shipped from other markets, but when the buyer goes to the farmer to buy his nuts he will offer him a small price, and the farmer says he don't want to take such a little; then the buyer says "All right; I will buy foreign nuts;" and with only one-half cent a pound tariff the farmer

does not know but what he can, so he sells. I do not think our land is quite as poor as Mr. Lassiter would make you believe, and we can raise other crops on our lands; but our land is naturally adapted to peanuts, and will produce more than in anything else that we can raise. We may be able to live, but the profit is so small our boys are leaving the farms, because there is not much inducement for them to work for such a small profit.

We want to have 2 cents placed on the foreign nuts, so we will be able to get a living profit and induce our boys to stay on the farm and help to develop our lands and build up home industry. I believe the revenue on foreign nuts will be just as much, and our own country will be built up more.

Thanking you for what you have done and are going to do,

Yours, very truly,

E. J. RAIFORD.

PINEAPPLES.

CHARLES T. HOWE & CO., NEW YORK CITY, THINK DUTY ON CANNED PINEAPPLE SHOULD NOT BE RAISED.

NEW YORK, *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We note that the Hawaiian pineapple packers are endeavoring to have the duty on canned pineapple advanced. We presume that this article is not of importance enough, in comparison with some of our commodities which are handled in vastly larger quantities, but we forward this letter, to place before you what we consider strong reasons for making no advance should this article of pineapple be brought up later.

In the Hawaiian Islands there are now eight pineapple canners, and we are at present representing three of these in the sale of their product, so that we are vitally interested in the success of the Hawaiian pineapple. Notwithstanding this fact, we believe that a higher duty would be of no advantage, even to the Hawaiian packers, but would be a great disadvantage to the masses who consume pineapple.

Our opinion is formed largely on account of our also being one of the largest importers of Singapore pineapple, at which the Hawaiian producers are aiming when suggesting the higher tariff rates on pineapple. With the present rate of duty, the same size package and the same style of packing would cost for the Singapore product, duty paid New York, about 90 cents per dozen, while the Hawaiian product would cost $1.90 per dozen.

There is no comparison in quality, the Hawaiian pineapple being so far superior to the Singapore fruit that anyone who could afford to pay 30 cents for a package of Hawaiian pineapple would not use the Singapore article at any price. There are millions of poor people, however, who will buy Singapore pineapple at 10 and 12 cents per can who could not afford to buy Hawaiian pineapple, regardless of

how fine the quality. Therefore, as these two grades go into entirely different lines for consumption, we are convinced that there is no competition between the Hawaiian and Singapore product, although both are called "pineapple," and that the raising of the tariff on pineapple would only tend to deprive poorer classes of this luxury without increasing to the extent of a single case the sale of the Hawaiian product.

If these two grades were selling at about the same price and the advance in tariff was for the purpose of Hawaiian packers securing an advance in their selling price so as to add to their profits, there might be a reason for their desiring an increase in the tariff; but as their costs to the jobber to-day are at least double the cost of Singapore pineapple, we would like to protest against any advance in the cost of the cheap article, which goes to the vast multitude.

Yours, respectfully,

CHARLES T. HOWE & Co.

POTATO STARCH.

T. H. PHAIR, PRESQUE ISLE, ME., ASKS FOR RETENTION OF THE PRESENT DUTY ON THIS ARTICLE.

PRESQUE ISLE, ME., *December 4, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In regard to the duty on potato starch, we are aware that it is a wrong time to ask for any increase, but we must retain what we now have (1½ cents per pound). The people of Aroostook County have built up a large industry in potatoes and potato starch, and there are some 75 factories scattered through the county. The best potatoes are generally sold for the market, and the smaller and very large ones are hauled to the starch factories at an average price of 15 to 20 cents per bushel. The price of domestic potato starch for the past ten years has been from 3¼ to 4 cents per pound. The foreign potato starch can be laid down here to-day at $2.20 per 100 pounds. This starch is made in Holland and Germany, where the men employed are paid from 2 to 4 marks per day and the potatoes are bought from 8 to 10 cents per bushel. Where would our Maine starch makers stand with such competition as this unless we can retain the present duty of 1½ cents per pound? We ask for no increase, but must have the present duty or it will close every starch factory in Maine. The farmers would not dare to go on and make a large plant of potatoes unless they had the starch factory to fall back on in case of low price for market potatoes. In fact, thousands of Maine farmers would be driven into bankruptcy without the duty on starch and potatoes.

Some one at the hearing on agricultural products asked Mr. Hale why they sold starch abroad at a lower price than it is sold here. The answer to this is that there has not been a pound of potato starch exported for the last thirty years from this country.

Tapioca flour is a great competitor of potato starch. In the Dingley bill, passed in 1897, there was a clause as follows: "Starch and all preparations used as starch, 1½ cents." This was put in to stop

the large importations of tapioca flour and sage flour, and for a year or two the duty was collected, but by some strange ruling of the Treasury Department they were let in free. They claim that these articles were named on the free list. Where tapioca is named on the free list it means for household use. We are willing to admit that sago flour is needed in the mills that make ginghams, and we are not asking for a duty to be put on this article, but the cheap tapioca flour that is coming into this country by thousands of tons is in direct competition with all domestic starches. We do insist that there should be a duty the same as it is on other starches. The February 17, 1908, Paint, Oil, and Drug Reporter says that for the fiscal year ending June 30, 1907, there were imported into this country 43,647,731 pounds, or 1,433 fifteen-ton carloads.

T. H. Phair.

ROCK SALT AND NUTS.

BRIEF OF RETAIL CONFECTIONERS AND ICE-CREAM MANUFACTURERS' PROTECTIVE ASSOCIATION OF NEW YORK STATE.

New York, *December 15, 1908.*

Hon. Sereno E. Payne,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

Dear Sir: On behalf of the Retail Confectioners and Ice-Cream Manufacturers' Protective Association of the State of New York, composed of confectioners and ice-cream manufacturers of New York State, the undersigned desires to present the following brief to your committee relative to the reduction of the tariff on raw materials used in the manufacture of our various products as follows:

ROCK SALT.

We would recommend the taking off of the duty on rock salt, for the reason that it can be produced here cheaper than the imported article and that by the placing of a duty on foreign salt it is of no benefit to the public and consumers.

Its only benefit, if any, is to W. A. Hazard & Co. and a few others interested in the so-called "salt trust." A further reason for the taking off of the duty is that the fish and meat packers are exempt from this duty on salt by the receipt of a drawback for whatever salt they use.

The ice-ream manufacturers, not to mention others who use large quantities of salt, receive no drawback of duty on the imported salt they use, and have therefore to pay in consequence thereof a higher price for the domestic article.

SHELLED NUTS.

Regarding shelled nuts, we would also recommend to your committee a reduction of the duty of at least 50 per cent on all shelled nuts, with the exception of peanuts.

Because the domestic nuts, such as walnuts, almonds, filberts, Brazil nuts, pignolia nuts, are not produced in the United States in suffi-

cient quantities and are also deficient in the quality or flavor of the imported article.

Therefore only a very few are benefited, at the expense of many, by the duty. The public and consumer in general receive no benefit from the duty on nuts, as the home-grown article is used to very little extent.

The peanuts produced in the United States have proven themselves to be of better quality than the foreign-grown article, and we therefore exempt same from our plea for the reduction of the duty on shelled nuts.

To give your committee a more thorough explanation, however, a committee of this organization will be pleased to appear before you at such time and place as you may designate.

Bespeaking for the foregoing your careful consideration, we are, on behalf of the Confectioners and Ice-Cream Manufacturers' Protective Association,

Yours, very truly,

ERNST A. G. INTEMANN, *President.*
F. C. HENRY HESSE, *Secretary.*

SALT.

HON. PETER A. PORTER, M. C., FILES LETTER OF THE ROCK GLEN (N. Y.) SALT COMPANY, ASKING FOR INCREASE OF SALT DUTY.

ROCK GLEN, N. Y., *December 9, 1908.*

Hon. PETER A. PORTER,
Washington, D. C.

DEAR SIR: Referring to the hearings that have been held by the Ways and Means Committee of the House of Representatives, for the purpose of revising the tariff, in which we are interested in regard to the tariff on salt, the present duty, 8 cents per 100 pounds on bulk salt and 12 cents per 100 pounds on salt in packages, is too low, and should be raised, we believe, a trifle, as there is a lot of salt coming in from abroad, especially from Liverpool, England, during the season of 1908. We inclose herewith a copy of a letter from Eastport, Me. These people use 25,000 sacks annually, and they are able, so we understand, to get their salt through for ballast. Our rate from here by rail is 23 cents per 100 pounds, and they receive their salt without paying freight and pay a duty of 12 cents per 100 pounds. Trust you will use your efforts in every way possible to have the present duty retained or advanced 2 or 3 cents per 100 pounds. Kindly keep us advised, if you will, in advance as to any hearings that are to be held and the result from time to time.

Yours, truly,

ROCK GLEN SALT CO.,
F. W. RELYEA.

EXHIBIT A.

EASTPORT, ME., *July 7, 1908.*

ROCK GLEN SALT COMPANY,
Rock Glen, N. Y.

GENTLEMEN: We are in receipt of your valued favor of the 3d instant in reference to purchasing salt, and in reply will say we have purchased what salt we shall require this season from Liverpool, England. Another season we shall be pleased to take the matter up with you early in the spring.

Yours, truly, B. F. MILLIKEN & SON.

ASA BIRD GARDINER, JR., GARDINER DAIRY, BALTIMORE, MD., WISHES DUTY ON SALT MODIFIED.

BALTIMORE, MD., *December 16, 1908.*

CHAIRMAN OF THE WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: Believing that the tariff on salt should be modified, I beg as a consumer to lay before your committee the fact that the salt business of this country is in the hands of the International Salt Company, of New Jersey.

They control the salt made in this country, and they only compete under certain circumstances with the salt made at Turks Island and other minor places.

Moreover, without reasons made known, they raise the price of salt at will.

About April of this year on salt known as "C. C. Mineral," Retsof brand, in carload lots, they increased the price 10 cents per bag of 200 pounds, which is equivalent to $2 a short ton, and refused orders for salt in bulk or carload lots, which they formerly accepted.

As we were using five cars of salt a month during the summer season this additional charge cost us about $100 per month excess. The cost of manufacturing this salt and distributing it throughout the eastern part of the United States is less than the cost of manufacturing it elsewhere, and if not the prices charged with the arbitrary raises are greater than the cost of that made elsewhere plus the tariff on the salt.

I would also submit that the International Salt Company has made its selling price as high for its lowest quotation as the price of foreign salt landed at a United States port plus the tariff, and that the system of making, preparing, and marketing the salt of the International Salt Company permits that company to sell salt in competition with foreign salts without the protection of the tariff, and that the United States Government receives practically nothing for tariff duties, owing to the position taken by the International Salt Company, for they take the tariff intended for the Government.

If the tariff was abolished, the United States Government would lose a very small sum, whereas the consumer of salt would benefit largely.

I sincerely trust this matter will come up before you and will receive your earnest consideration.

Yours, very truly, ASA B. GARDINER.

SARDINES.

E. A. KITZMILLER, PITTSBURG, PA., THINKS DUTY ON SARDINES ALTOGETHER TOO HIGH.

PITTSBURG, PA., *December 14, 1908.*

Hon. JOHN DALZELL, M. C.,
Washington, D. C.:

I have intended for some time writing to you in regard to the duty on sardines—$1.50 per case of 100 cans called ¼ oils—is entirely too great a difference to be sustained to-day, as far as protection is concerned. I refer now particularly to Norwegian smoked sardines, which for years were sold at high prices and considered a luxury, but within the past two years prices have declined until they can now be retailed at 10 cents per can and used quite largely on the tables of the laboring class.

Domestic sardines are sold to consumers at 5 cents per can; the cheapest Norwegian at 10 cents. It seems to me this is too great a difference for protection and that there ought not to be over $1 per case duty instead of $1.50, because of the fact that they are now being consumed largely by the class that we desire most to favor.

Such letters as I have written you to-day need no reply, for I know you are busy. I won't be mad if you don't answer.

Yours,

E. A. KITZMILLER.

SEEDS AND BULBS.

PETER HENDERSON & CO., NEW YORK CITY, RECOMMENDS SPECIFIC DUTIES FOR THESE ARTICLES.

NEW YORK, *December 15, 1908.*

Hon. SERENO E. PAYNE,
House of Representatives, Washington, D. C.

SIR: We desire to say that we have pleasure in indorsing the petition sent to the House Committee on Ways and Means by the American Seed Trade Association, asking that a specific duty be levied on seeds and bulbs instead of ad valorem, as at present.

We believe that this would aid the custom-house authorities in passing the goods and effect prompter deliveries to consignees than is possible under the present system. It would do away with all the confusion, or most of it, which is now experienced in arriving at valuations, and we believe it would be beneficial all round.

We desire to say that we join the nurserymen who have already petitioned for an increase in the duty on roses to 5 cents per plant. We believe that the increase of duty mentioned would result in developing the growing of roses in this country in the open ground far beyond what it is at the present time or can be developed under present conditions.

It has been stated on good authority that there are 2,000,000 roses imported into the United States annually from Holland. These are produced by men whose weekly salary is stated to be $2.50, a rate at

which no American workman can live under present conditions. The quality of the stock imported can not compare with what is produced in the United States, but the low price makes a market for them. They are not sold by nurserymen, seedsmen, or florists—at least, not to any extent—but are handled almost exclusively by the department stores in the big cities. They are put in as a side line in the spring, and we venture to say that they do not give satisfaction, but merely appeal to bargain hunters.

The men who can do the budding necessary to produce these roses are rather scarce in this country and difficult to obtain at the time they are wanted. If the increased duty would keep out the product, as we believe it eventually would, the men in the European nurseries who do it now would, in all likelihood, emigrate here, so it would be an advantage all round.

The tillers of the soil get very little protection from the Government, and we think that this should be accorded to the nurserymen who are now engaged in producing roses grown in the open ground. We do not do it ourselves to any extent. We do not grow any budded roses, such as are imported, so that our attitude in the matter is one of desiring to better the conditions as they now exist, both for the producer and the consumer.

Trusting that you will give this matter due consideration, we are,

Very truly, yours,

PETER HENDERSON & CO.

STARCH, DEXTRIN, AND GLUCOSE.

CHARLES MORNINGSTAR & CO., NEW YORK CITY, FILE SUPPLEMENTAL BRIEF ON THESE SUBJECTS.

NEW YORK, *December 17, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As per your request, we beg to submit to your valued consideration the following as a brief supplemental to our presentation to your committee on November 18, 1908.

Relative to the cost of labor entering into the manufactured products we have received word from our source of supply in Germany, the great starch and starch-products factory of Cuestrin, known as the "Norddeutsche Kartaffelmehl Fabrik." In answer to our inquiry this concern cables us that the cost of labor in manufacturing starch and starch flour is 15 per cent of the cost of the finished product; the cost of labor in manufacturing dextrin is 19 per cent of the cost of the finished product; and the cost of labor in manufacturing glucose is 19 per cent of the cost of the finished product.

The Norddeutsche Kartoffelmehl Fabrik emphasizes the fact that this percentage of cost of labor does not include any official salary charges.

From this report you can see that the cost of labor in manufacturing starch, dextrin, and glucose in Germany is almost the equivalent of the cost of labor in this country, as per the official record

referred to by your honorable chairman on the day of our presentment, with this exception, that the cost of labor in this country includes the salaries of officials, whereas the cost of labor as per the German report does not include any official charges, but only the actual, direct cost of labor.

From this you can see that the German manufacturer is paying a higher percentage for labor than the manufacturer in this country. This can be readily understood, however, when one considers how far superior the quality of the German manufacturer is to the starch and starch products made in this country. And yet, with all, the cost of labor in starch making is, as has been set forth in our presentment. "but a mere fraction of the cost of the goods." Both the German report and the official report of the United States Government concur with us in our statement.

There is a vast discrepancy between the established cost of labor and the rate of duty imposed by the Dingley bill. The starch, dextrin, and glucose manufacturers in this country have availed themselves of this unfair advantage with the following result:

That the cornstarch and all cornstarch products are virtually in the hands and at the mercy of the Corn Products Refining Company, Standard Oil Company, with offices at 26 Broadway, New York, and that the potato-starch industry has become a haphazard, half-hearted affair, which can not supply the wants of the consumer with either quality or quantity.

For your guidance we wish to point out to you the characteristics of the potato-starch industry of this country. Such starch as has been manufactured up to the date of this writing has been extracted from the culls or screenings of potatoes too small in size to be sold ordinarily in the market for food purposes. When, however, the price of potatoes is high, as is the case this year, even these culls are sold to better advantage as food potatoes than for conversion into starch; consequently the consumers are left high and dry without the domestic potato starch, and from sheer necessity they resort to importations from Germany and elsewhere. There have been no innovations in the potato-starch industry in this country. They are in their manufacturing processes where they were thirty years ago, with hardly an exception.

The farmers and their farm hands growing these potatoes for food purposes are as a rule the ones who make potato starch in this country, and they as a rule are independent of the revenues derived from starch making. In other words, potato-starch making is for the greater part a secondary consideration; hence the primitive auspices under which this industry gropes its way along.

To revert to the corn-starch industry, we beg you to take into account the fact that were the manufacturers of corn starch and cornstarch products to sell their starch at actual cost there would remain to them a handsome profit from the sale of their by-products, such as corn oil, gluten meal, cake, etc.

The consumers, whom we have the honor to speak for, are, as we have told you, anxious to be relieved from the excessive duty imposed on such starches, dextrines, and glucose, as they must of necessity use because of their inability to procure such qualities from the domestic manufacturers.

It must be borne in mind that whereas starch and starch products are in themselves manufactured, they enter into the arts as raw material and must be regarded as such.

The cost of labor being established, it remains with your honorable committee to determine what a "reasonable profit to the manufacturer" should be in the manufacture of starch, dextrine, and glucose.

Yours, respectfully,

CHAS. MORNINGSTAR & CO.

SEYBEL & STRUSS, NEW YORK CITY, ADVOCATE PROTECTIVE DUTY ON ALL ARTICLES WHICH CAN BE MADE HERE.

NEW YORK, *December 12, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The first thought that enters our mind is, "Why are Chas. Morningstar & Co. so solicitous about the poor consumer?"

As a consumer we are opposed to free entry of anything that can be made here, recognizing the general benefit of importing nothing but what can not be avoided, and that prices here should depend on the cost here.

We do not agree with the thoughtless idea that only wage difference should be considered in a tariff rate, as cost of management, rent, taxes, etc., are also higher here. Besides, we must consider the fact that for export most manufacturers are ready to sacrifice their profit, and that prices for export are always lower.

If the articles are put on the free list the importers or the foreign manufacturers will advance their prices accordingly.

SEYBEL & STRUSS,
By HENRY W. STRUSS.

TEA.

SEEMAN BROTHERS, NEW YORK CITY, OBJECT TO DUTY ON TEA OR ON ITS CONTAINERS.

NEW YORK, *December 15, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: We are an American firm, doing a large volume of business in Ceylon package teas. We have found it an advantage to import this tea in small lead packages, which are sold intact to the consumer, not only because it can be thus packed more cheaply in the country of origin, but better as well.

Tea is primarily an economical drink of the people. Any duty on either the tea itself, or the ordinary lead package or tin in which most package teas are sold, would have to be paid by the consumer. We should estimate that 300 girls could probably pack all the package teas that this country consumes. Is it worth while to tax the

entire American tea-drinking public in the effort to give employment to such a small number?

We do not care to make this letter a brief, but simply wish to indicate that we as an American firm, and probably one of the largest handlers of package tea of any American firm in this country, think it inadvisable to put any duty on bulk tea or on the ordinary lead or tin package in which we consider it advisable that tea should be sold.

Yours, very respectfully,

SEEMAN BROTHERS.

HON. F. C. STEVENS, M. C., SUBMITS LETTER OF J. W. COOPER, ST. PAUL, MINN.

ST. PAUL, MINN., *December 16, 1908.*

Hon. F. C. STEVENS, M. C.,
Washington, D. C.

MY DEAR MR. STEVENS:

* * * * * * *

There are representatives of Canada tea merchants now in St. Paul canvassing the St. Paul trade, and they have canvassed most all of our large trade between here and the Canadian line. Would call your attention to the fact that we can not sell tea in the Canadian provinces unless we pay a duty, but the Canadian merchants come into our market without duty. I see the customs department have decided to tax containers—that is, fancy packages in which teas are packed—which will have some effect, but I think our new tariff should provide that unless the Canadian government is willing to let American dealers in there on the same terms on which they come into our territory, we ought to impose a duty, to put us on a fair basis with the Canadian merchants.

Thanking you in advance for the kindness of a reply, I am,

Yours, very respectfully,

J. W. COOPER,
Of GRIGGS, COOPER & CO.

VEGETABLES.

C. W. SPRAGUE, LONG ISLAND, N. Y., WISHES PROTECTIVE DUTIES ON GARDEN TRUCK.

BALDWIN, LONG ISLAND, N. Y.,
November 28, 1908.

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means.

DEAR SIR: Being aware that there is to be a revision of the tariff on imported articles and products, would say that I am a Long Island farmer engaged in growing vegetables for the New York market; have been in the same business on the same farm for thirty-five years. While the McKinley tariff was in force I and my neighbors were successful and made some money, but all too soon there came a

change. The Wilson bill reduced the duties on some kinds of produce that I raised and put others on the free list, and, do the best we could, we could hardly make a living. During that period the market was flooded with foreign potatoes when ours only brought $1.25 per barrel, and Long Island potatoes have always been considered the best in the world. It was even worse with cabbage. Foreign cabbage was brought here and sold for less than we could grow it. Our markets were also flooded with Canada turnips, often selling as low as 60 cents per barrel. This continued as long as the Wilson tariff was in force. But there came another change. The Dingley schedule restored the duties on some products to where they were on the McKinley schedule; also put a duty on some things that had formerly been on the free list. Immediately there was a great change for the better. The truck farmers began to prosper and have continued to prosper ever since. On account of these personal experiences I would suggest that the tariff on agricultural products be left the same as they are at present.

Yours, respectfully, C. W. SPRAGUE.

HENRY SCHUMACHER, JERSEY CITY, N. J., ASKS PROTECTION FROM BERMUDA-GROWN PARSLEY.

JERSEY CITY, *December 1, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: Would you kindly send me word about the tariff on parsley from Bermuda, as I am in the truck-farming business and have a lot of sash with parsley for the winter crop, but have a hard time selling it on account of this stuff coming from Bermuda. Could not you put a high tariff on it and protect us truckers near New York markets, as we have New Orleans to contend with; but then that is our own country, which is all right, but Bermuda is an outsider. Thanking you in advance for answer,

I remain, HENRY SCHUMACHER.

WALNUTS.

J. ALLEN OSMUN, WHITTIER, CAL., FILES BRIEF RELATIVE TO THE CULTURAL RANGE OF WALNUTS.

WAYS AND MEANS COMMITTEE,
House of Representatives.

GENTLEMEN: In the brief submitted on walnuts before your honorable committee I judge from the questions that were asked that we did not furnish enough information in reference to the cultural range in the United States in which walnuts could be successfully grown.

Localities which a few years ago in southern California were regarded as absolutely unsuitable for the successful raising of walnuts have proved by experimentation frequently to furnish the best land, and some of our most productive orchards are now grown upon

ground which, as stated above, was then regarded as thoroughly unsuitable.

From information gathered it seems that the walnut has been successfully grown in a limited area along the Atlantic coast from New York southward through New Jersey and several of the Southern States. From a report issued by the United States Department of Agriculture in 1896 it is stated that the tree endures winters in favored localities as far north as Connecticut and Massachusetts; that there are several large trees in New York State, New Jersey, and Pennsylvania which are reported to be at least a hundred years old and bearing a large crop of nuts of fair quality. There are some trees reported in Delaware, but they have not been uniformly successful in producing crops.

The reports made by the Department of Agriculture seem to indicate that in most localities in Florida the walnut has not been successfully grown, although there are some places that bid fair to be successful. Also from the Mississippi Valley there are a few reports of successful growth. Reports which have been received from Ohio, Indiana, Illinois, and Minnesota are, as a rule, that the trees are winter killed. From Kentucky and Tennessee there are a few reports of trees making a successful and satisfactory growth. The reports from Louisiana are favorable, but up to the date mentioned, 1896, there had been no extensive planting. In southern Texas it is reported that a number of orchards have been planted and that they promise to yield very satisfactorily and we are having inquiries from that section of the country as to the best varieties and cultural methods. It may also be stated in connection with these trees that nearly all were of the seedling variety. If the new methods, which are now being adopted, is followed it is believed that the trees will be very much hardier and will resist the cold to a greater degree. In Oregon there is a very large acreage being planted, as reported in Bulletin No. 92 of the Oregon Agricultural Experiment Station, and trees are now from seven to nine years old—namely, in 1906. A few trees of fourteen years were very successful in producing nuts. They have found the same difficulty there in planting trees which grow successfully in southern California, but were unable to stand the frosts of Oregon. This is being overcome by using a tree of hardier pedigree. The difficulties that have attended the successful growth of walnuts has been largely due to want of knowledge of the best varieties and to the climatic conditions prevalent in the different localities where these orchards were planted.

Experience has shown and demonstrated beyond doubt that all of these difficulties may be overcome by proper cultural methods, such as budding or grafting the trees on native black walnut stock, etc. There is no doubt at all but that with the experimentations that are going on the area suitable for the walnut culture will be vastly increased and that in the near future we will be able to supply all demands of the home market.

Most respectfully submitted.

J. ALLEN OSMUN,
For Committee Representing the Walnut Growers of Southern California.

WOOL GREASE.

ZINKEISEN & CO., NEW YORK CITY, SUGGEST A NEW CLASSIFICATION FOR WOOL GREASE AND LANOLINE.

New York, *December 19, 1908.*

Hon. Sereno E. Payne,
Chairman Committee on Ways and Means,
Washington, D. C.

Sir: As to wool grease, permit us to submit a suggestion that paragraph 279 of the present law be amended so that there will be a duty imposed of 25 per cent ad valorem on wool grease, crude or refined, with a proviso that none be assessed with a duty less than one-half cent per pound. At the present time some confusion exists, because lanoline is, in fact, wool grease, and though refined it does not lose its identity as wool grease. It has been claimed that under the present law, paragraph 279, lanoline is clearly subjected to a specific duty of one-half cent per pound. However, the courts have held that lanoline should be classified as a medicinal preparation and assessed for duty accordingly under paragraph 68. This classification, nevertheless, would appear to be confusing lanoline with actual medicinal preparations in the nature of fine chemicals. Lanoline is not in this sense a medicinal preparation, but serves as a base, or vehicle, to carry medicine. Salves made of lanoline, medicated, are applied to the skin, through which application the medicinal ingredient is absorbed into the body through the pores of the skin.

Probably a by far larger industrial significance attaches to the saving of grease washed out of wool in this country as a by-product and making the same available for use technically in tanneries, etc., in place of the foreign wool grease now imported into this country than does attach to the production of lanoline for use in pharmaceutical lines, with its limitations as to quantity consumed.

It would appear to be an open question whether the market for lanoline would be large enough in this country to make it a business proposition to install plants for the refining of the same and to assume the cost of trained technical and chemical supervision necessary to insure a satisfactory line of products which would successfully compete with foreign-made lanoline, even if a duty as high as 5 cents per pound were imposed, instead of as now 25 per cent ad valorem, which is equivalent to about 2½ cents per pound at the present value of lanoline.

Taking it all in all, the question of fixing (except as to minimum) a flat rate of duty on lanoline and the same rate on all other varieties of wool grease, crude or refined, would appear to merit some consideration, to the end that a revision of paragraph 279, if undertaken, embody both changes that will do away with the uncertainties now attaching to the wording of paragraph 279 and embody, as well, protective features in accord with the relative importance of general and special industries concerned.

Respectfully submitted.

Zinkeisen & Co.

SCHEDULE H.—SPIRITS, WINES, AND OTHER BEVERAGES.

MINERAL WATERS.

THE APOLLINARIS AGENCY COMPANY, NEW YORK CITY, FILES SUPPLEMENTAL STATEMENT RELATIVE TO FRENCH TARIFF.

NEW YORK, *December 19, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

SIR: Mr. Lee J. Vance, the publisher of a trade paper called the "Mineral Water News," stated at the November 12 hearing on mineral waters, which are provided for in Schedule H, that—

The French tariff law of July 18, 1906, imposes a duty of 20 francs ($3.86) per 100 kilos; that is, 220 pounds, not including bottles. This is simply prohibitive, and is undoubtedly meant to shut out American waters. The French duty of 20 francs per 100 kilos on our waters means $3.71 a case of 100 pints and $3.25 per case of 50 quarts. It means $1.42 on the water alone.

By reference to the French tariff, or to the translation issued by the Department of Commerce and Labor, entitled "Customs tariff of France, November, 1907," it will be seen that Mr. Vance is referring to the maximum tariff.

The minimum tariff makes mineral waters of all kinds free of duty, while the glass bottles containing same are dutiable at only 3½ francs (67.55 cents) per 100 kilos (220 pounds), with no duty whatsoever on the containers if they be stone jugs.

The maximum tariff is given in this official translation as 20 francs per 100 kilos on the mineral water and 4½ francs (86.85 cents) per 100 kilos (220 pounds) on the glass bottles, which latter rate Mr. Vance entirely omits to give. (See footnote.)

It is at once apparent that Mr. Vance, although he stated that the 20-franc rate does not apply to the bottles, nevertheless mistakenly proceeded to apply it to the bottles, and, moreover, to all the other coverings, including the heavy wooden cases.

He correctly states that 20 francs equal $3.86, which means that 1 pound carries a duty of 1.75 cents; this requires a weight of 212 pounds to bring about a duty of $3.71, which is the figure he gives for a case of 100 pints.

As the actual weight of the water alone in the 100 so-called "pint" bottles is only about 80 pounds—taking Apollinaris as a standard—it

is seen that Mr. Vance has wrongly applied 20 francs per 100 kilos on the balance of 132 pounds, which constitute all the "coverings," instead of calculating only 4½ francs per 100 kilos, even if it be assumed that all the "coverings" are dutiable—making, at least, an error of 15½ francs per 100 kilos (220 pounds) on 132 pounds, an excess of $1.79 on the case.

Surely so gross an error as an exaggeration to the extent of $1.79 in a claim that the duty is $3.71 is more than sufficient to discredit all the figures of Mr. Vance.

It will be found that his claim of $3.25 duty on a case of 50 so-called "quart" bottles is correspondingly, and for the same reasons, ridiculously excessive.

It is, moreover, noticeable that Mr. Vance omits to give an example of the duty on the size most popular in the mineral-water trade, the so-called "half-pint" or "split" bottle.

Calculating a case of 100 splits to weigh a total of 135 pounds, the water alone weighing about 50 pounds, on which the maximum duty would be 87½ cents, there would be left a total of 85 pounds as the weight of the bottles, case, and other coverings, which at the maximum rate of 4½ francs per 220 pounds would pay 33¼ cents, making a total "maximum" duty of $1.21 for the case, as against the United States duty of $1.66⅔ (at the rate of 20 cents per dozen) as shown in the letter which we had the honor to address to you on the 1st instant.

If any argument is to be drawn from the consideration of the French tariff, it is that the United States duty on splits is extremely excessive.

It must also be considered that the minimum French duty on a case of 100 splits, the water itself under that being entirely free, is but a total of 26 cents (even if the 3½ francs per 220 pounds, which is the minimum duty on the glass bottles, be figured as well on all the other coverings) and equals a rate of twenty-six one-hundredths of a cent per bottle, or 3⅛ cents per dozen, as against the United States duty of 20 cents per dozen.

Why Mr. Vance omitted to give the tariff conditions as to mineral waters in the case of England, Austria, and Germany, which last-named country exports a greater amount of mineral water to the United States than any other does, may well be left to the investigation, or even the imagination, of your honorable committee.

Yours, respectfully,

APOLLINARIS AGENCY COMPANY,
I. HALDENSTEIN, *Managing Director.*

NOTE.—The collator and translator of the French tariff published by the Department of Commerce and Labor, which is referred to above, has called our attention to a printer's error in the line relating to mineral waters, on page 26 of his book, and states that the words "recipients included" should be stricken out and the maximum rate given as 20 francs net; this is plain in the original French, and the law is correctly stated in the communication of Consul-General Skinner, a part of which Mr. Vance quoted. The rate for bottles is correctly given at the foot of page 38 of that United States Government translation of the French tariff.

WINES AND LIQUORS.

THE WINE AND SPIRIT TRADERS' SOCIETY OF THE UNITED STATES FILES SUPPLEMENTAL BRIEF THROUGH ITS ATTORNEY.

NEW YORK CITY, *December 10, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: Supplementing the statement made to you on November 12 in behalf of the Wine and Spirit Traders' Society of the United States, I have the honor to submit the following data, to wit:

The committee did me the honor to request certain information touching various subjects affecting the importation of European wines and liquors, which information I have been able to obtain and herewith submit:

Notes on tariff—Approximate freight rates.

	Per case.	Per gallon.		Per case.	Per gallon.
	Cents.	*Cents.*		*Cents.*	*Cents.*
Champagne	22	....	Marsala	....	9½
Bordeaux wines	15	2½	Scotch whisky	20	5
Rhine wines	28½	3½	Irish whisky	20	....
Vermuth	10	2½	Brandy	25	4½
Sherry	20	4½	Jamaica rum	26	3½
Port	42	4½	English gin	15	....
Tarragona (Spanish red and white)	....	3½	Holland gin	28	....

The above rates are quoted from the following shipping points to New York:

Champagne, f. o. b. Rheims.
Bordeaux wines, f. o. b. Bordeaux.
Rhine wines, f. o. b. Rotterdam-Antwerp.
Vermuth, f. o. b. Turin.
Sherry, f. o. b. Cadiz.
Port, f. o. b. Oporto.
Tarrgona, f. o. b. Tarragona.
Marsala, f. o. b. Palermo.
Scotch whisky, f. o. b. Glasgow.
Irish whisky, f. o. b. Liverpool.
Brandy, f. o. b. Charente.
Jamaica rum, f. o. b. London.
English gin, f. o. b. London.
Holland gin, f. o. b. Rotterdam.

The following freight rates are in force on through shipments to Chicago:

	Cases.	Wood.		Cases.	Wood.
Rheims	83½	....	Charente	89	72
Cadiz	104	81	Genoa	81½	64½
Oporto	115	84	Belfast	91	72
Glasgow	90	71			

The following are the approximate weights (bulk wines, whiskies, brandies, etc., 10 pounds per gallon, included):

Cases.

	For 12 bottles.	For 24 half bottles.		For 12 bottles.	For 24 half bottles.
	Lbs.	*Lbs.*		*Lbs.*	*Lbs.*
Champagne	67	77	Irish whisky	45	....
Rhine Wines	57	63	Brandy	48	60
Vermuth	58½	....	Jamaica rum	54	....
Cased sherries	50	58	Cased madeiras	54	54
Cased ports	50	53	Sparkling Rhine wine	70	75
Scotch whisky	50-52	....			

Referring to the cost of labor in Europe, as compared with that in the United States, I am able to state to the committee that vineyard labor costing from 30 to 40 cents per day ten years ago is now paid 60 to 80 cents per day, according to location, and as proof of this I refer to an article, "Charities and commons," volume 20, No. 5, May 2, 1908, published in New York. On page 173 it is stated—

The landholders are grumbling (in Italy) because they can not find enough men to care for their grapes, because wages have doubled and they are getting into debt.

It must be further noted that immigration from Italy, Germany, France, and other European countries has so depleted the ranks of labor as to increase the wages in these countries fully 100 per cent within the last ten years, whereas in California, Asiatic labor is coming more and more into use at prices which favorably compete with the lowest grade of prices in Europe.

The inland freights upon wines in Italy, Germany, and France will average more than 7½ cents per gallon to the seaboard, while California wine, by the statement of the California shippers, can be shipped at a cost not to exceed 4 cents per gallon from the point of production to the seaboard. Comparison with the rates given above and rates upon California wines to the Middle West or to the eastern seaboard will show that the California product has a decided advantage.

Let us illustrate our statement with a few examples: To ship from Cerignola, Italy, which is an important wine-growing district, about 200 miles southeast of Naples, to New York, it costs 8½ cents per gallon, and from the Province of Basilicata, which is comparatively nearer to Naples, but in unfavorable conditions as regards means of communication, it costs as much as 9½ cents per gallon.

When foreign wine has reached New York or any other Atlantic coast port it has reached one market of consumption, but not yet the inland markets of the United States, to which, however important its consumption may be in New York, it is distributed according to demand. Italian and foreign wines go as far as San Francisco, which in the year 1906 imported by direct shipment alone (without taking into account the quantity received through New York dealers) 20,605 cases and 2,399 gallons. Chicago (with 34,867 gallons and about 10,000 cases of Italian wines received directly in the year 1906),

Pittsburg, Buffalo, Cleveland, Cincinnati, St. Louis, St. Paul, Denver, etc., the many important and thriving manufacturing cities in New England, the States of New York, Pennsylvania, Ohio, Illinois, and other prosperous Middle West, Western, and Southern States, are all markets where numerous customers of wine exist; and, although some of them receive direct importations, they are, however, mostly tributary to New York, which books and fills their orders for small quantities at a time.

To reach these markets foreign wines have to pay additional freight, which, in case of shipment from New York to San Francisco and other western points, is higher than in the case of the freight upon California wines sent to the eastern markets. Without going as far as San Francisco, let us take, for instance, the case of imported wine sent from New York to Chicago, which is only one-third of the distance, and where about 100,000 foreign-American citizens ask for those wines. Foreign wine, after having paid about $7\frac{1}{2}$ cents per gallon, against $4\frac{1}{2}$ cents for California wine shipped by sea to reach New York, has to pay an additional freight of 65 cents per hundred pounds, gross weight, or about $7\frac{3}{10}$ cents per gallon, to reach Chicago, making a total of $14\frac{1}{2}\frac{3}{10}$ cents per gallon, or almost double the freight of $7\frac{1}{2}$ cents per gallon paid by California wine to reach that market.

California, in shipping to inland markets, has the advantage of carload rates, which imported wines have not, as the demand for such wines is only for smaller quantities at a time. It is a fact that through rates from foreign ports to some inland markets of the United States, such as Chicago, exist, but they are practically unavailable because carload orders for imported wines are never received from such markets. In actual business the rates paid are not the through rates, but the rate to New York first, and thence the rate from New York to Chicago.

While for California wines New York is the last point reached, for imported wines it is only the first point, and in considering the pros and cons in the matter of freights equity requires that the same field be covered in the case of foreign as in that of domestic wines, when it will be seen that the advantage in freight is by far on the side of the domestic product to the extent, we would say, of 100 per cent in favor of the latter.

Second. That more than one-half of the California wine shipped to New York, in fact, all important shipments, do not come by railroad, but by sea, subject to a rate of $4\frac{1}{2}$ to $5\frac{1}{2}$ cents per gallon. In the year 1907 the arrivals by sea of California wine to New York were 1,503,700 gallons, and the shipments in the previous five years were as follows:

	Gallons.
1906	1,887,900
1905	2,843,550
1904	3,641,700
1903	3,431,390
1902	3,407,445

"However, these figures," notes the Bonfort's Wine and Spirit Circular at page 216, volume 69, No. 5, January 10, 1908, "do not indicate that the consumption of California wines is decreasing, for as a matter of fact it is on the increase. Whether California wines arrive by sea or by rail, is pretty largely a matter of existing freight rates."

The lower figures in the arrivals of California wine by sea during the last three years were due to the destruction of the old stock by the San Francisco fire of April, 1906, in consequence of which 15,000,-000 gallons were lost; so that not only was the supply materially reduced, but shipments had to be made from inland California points, in which case it was more convenient to ship by rail than by sea.

The reciprocity rate of 35 cents per gallon on wine from Italy has been in force from July, 1900, and as the shipments by sea of California wines to New York have since increased up to 1904, this shows in the following years, however meaningless this decrease in the importation by sea of California wine to New York that took place in the following years, however, meaningless this decrease in the shipments by sea has been with regard to the consumption of California wines, which, as Bonfort's Wine and Spirit Circular states, has not decreased, greater having been the quantity of California wine shipped by the overland route since 1906.

Investigation with regard to the transportation of European wines throughout the Rhine district from points of production to the seaboard shows an average cost of from 22 to 25 cents per case, which may be fully established by the examination of any of the through bills of lading of any shippers of French or German wines.

A number of misstatements were made by those representing the California interests; among others it may be stated that the importation of Italian wines had increased 1,000 per cent within the past four years, while the official records show that in 1907 it was 32 per cent greater than in 1904, and that the total export trade of Italian wines was scarcely more than 2½ per cent of the total production.

The increase in the importation of Italian wines from 97,150 cases in 1901 to 198,785 in 1907 results from the increased Italian immigration to the United States during these years—more than 150,000 additional immigrants having arrived in 1907 than the number who arrived in 1901. Notwithstanding the increased importation of Italian wines, it is apparent that they do not compete with or interfere with the sale of California wine, for during the entire period from 1901 to 1908 the minimum cost for foreign wine in New York has been 70 cents per gallon, while the minimum cost of California wine has been 36½ cents per gallon. These wines are of distinctly different quality and supply a distinctly different demand.

It was suggested by the chairman upon the first hearing upon this subject that wines were good revenue producers, and I desire to submit to the committee the proposition that such is the case only where wines and liquors are imported under a moderate tariff. Comparison of importations will show that at no time has the importation of either wines or liquors under a high tariff equaled the importation of the same goods in quantity when brought in under a moderate or low tariff, so that as a revenue producer a moderate or low tariff works much more to the interest of the Government than a high tariff, which approaches prohibition.

The committee was good enough to ask the opinion of the Wine and Spirit Traders' Society as to the operation of a maximum and minimum tariff rate, and by full discussion of this question I am prepared

to advise the committee that my clients approve such a tariff; provided, however, that the maximum rate be no higher than as at present fixed by the law, the minimum rate to be from 20 to 30 per cent less. In other words, it is the belief of the gentlemen interested in this line of business that to advance the tariff in any regard upon wines or liquors from its present rate would be to decrease the importation, and thereby decidedly decrease the revenue.

Another item of expense incident to the production of foreign wines which has impressed itself upon the trade during the past twenty-five years is the necessity for additional fertilization, as against new and rich ground of the United States, and the further fact that spraying has become a necessity in all the vineyards of the wine-producing districts of France and Germany. As a result, none of the French or German wines can be placed at the seaboard to-day without an additional expense from 15 to 25 per cent more than their cost twenty years ago.

Mr. Lee J. Vance, of California, stated before the committee on November 12 that certain French wines were sold at 8 and 9 cents a gallon in the foreign market at auction. He evidently left it to be inferred by the committee that such low-priced wines were imported into this country. This is not the case, for the reason that they are new wines, incapable for importation. Not one gallon of this wine has been imported into the United States, as it would be vinegar when it arrived.

This wine is made from a third pressing, and is produced for the poorest class of consumers in France. It is called "Picquette," and is sold and drank in the region where it is made.

As a sample of the loose and misleading statements made by the California representatives, we call attention to a single instance: Referring to the statement by Mr. Morgan, on page 158 of the hearing of November 12, in which he states that the importation of Italian wine containing more than 14 per cent of alcohol advanced from 64,428 gallons to 1,736,702 gallons in 1907, which figures Mr. Morgan claims to have taken from the Evans tables, I desire to state that by investigation of the records of the custom-house at New York Mr. Morgan's figures appear to be in error, and that the importation of wines, as shown by the records of the New York custom-house for the year 1907–8, do not cover any Italian wines having more than 14 per cent alcohol, and that it therefore must be concluded that the Evans figures are transposed through some error.

Mr. Morgan, on page 152, stated the annual total production of wine in the United States is upward of $55,000,000, but evidently he meant to state that it was gallons, and the value of such a crop would be about $17,000,000.

The Wine and Spirit Traders' Society will hereafter submit to the committee carefully prepared papers upon alcoholic wines and liquors coming into the United States.

THE WINE AND SPIRIT TRADERS' SOCIETY,
By FRANCIS E. HAMILTON, *of Counsel.*

SUPPLEMENTARY BRIEF OF ITALIAN CHAMBER OF COMMERCE, NEW YORK, RELATIVE TO DUTIES ON WINES AND SPIRITS.

WASHINGTON, D. C., *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Whereas, certain inexact statements respecting the foreign-wine industry in its relation to the trade with this country have either been made or presented to this honorable committee by parties who by reason of interest are opposed to the importation of foreign wines, statements which are apt to mislead in arriving at conclusions bearing upon the tariff, this chamber, in the interest of truth and justice, begs to supplement the information conveyed to this honorable committee in a former memorial on the subject, presented at the hearing on November 12, 1908, with the following evidence:

LABOR.

Stress has been laid by the California wine interests upon the difference in the wages paid to labor in this and foreign countries as an argument for not countenancing any reduction of the present high rates of duty on wine.

While we recognize that the cost of labor is as a rule much higher in this country than abroad, and that the fundamental principle upon which is based the tariff, as a protective measure, is that of balancing the difference in the cost of labor existing between the United States and foreign countries, allowing besides a reasonable profit to American industry, we can not refrain from calling the attention of this honorable committee to a fact that has escaped the notice of those witnesses who have stated the wages paid to labor in Europe, viz, the notable increase in the cost of labor that has taken place in European countries, especially in Italy, since 1900, the year to which the data quoted from the volume of the Bureau of Labor, "Wages in commercial countries, 1900," refer.

Fully eight years have elapsed since those data, which really refer to wages in 1899, were collected, during which time labor conditions have materially changed in several of said countries, notably in Italy. From this country alone 5 207,730 people belonging almost entirely to the laboring classes have migrated during the last decade, of whom about 1,754,000 with destination to the United States. This fact has created a scarcity of labor in Italy, especially in the southern provinces of the peninsula, whence comes most of the wine shipped to the United States, and whence emigration has been most numerous. With the scarcity of labor thus created wages have naturally increased, so that while a vineyard hand was paid from 40 to 50 cents per day ten years ago, under the present changed condition of the labor market the same hand can not be secured for less than 60 to 70 cents per day, and in some cases even higher wages are paid to the man at the hoe.

In an article on the effect of emigration upon Italy, by A. Mangano, that appeared in volume 20, No. 5, May 2, 1908, of Charities and

the Commons, a review of social science published in New York, this increase of wages is vouched in the following words (p. 173):

> * * * The landholders are grumbling because they can not find enough men to care for their crops, because wages have doubled and they are getting into debt.

Emigration has not only caused a notable increase of the wages paid to labor, which has made the wine industry unremunerative, but, what is yet worse, has created a scarcity of labor, in consequence of which a portion of the crop, which has cost money and trouble to raise, often remains unpicked and spoils on the vines, because of the inability of the growers to secure the necessary help.

Again, the disadvantage of the higher cost of labor in the United States is practically counterbalanced by the greater efficiency of the labor employed through more improved methods of cultivation and the more easily tillable soil, not so hard or stony as the soil prevailing in Italy.

Recent legislation enacted in European countries, Italy included, against or restricting child labor, has made the gathering of the crop, as well as other kinds of work connected with the wine industry, more expensive than it used to be heretofore, while in California the employment, often resorted to, of Asiatic labor in pruning the vines and picking the grapes is a factor reducing the cost of labor that was not stated by the California wine interests.

FREIGHTS.

The freight rates on foreign wines imported into the United States reported by the California wine interests are inexact and not according to facts. They allege that it costs more to ship California wine to eastern markets than to import and distribute foreign wine in the United States, stating 7½ cents per gallon as the railroad rate charged from California to New York, against about 2 cents as the maritime freight on Italian wines.

Without questioning the railroad freight on California wines, we note, however:

First. That the freight of about 2 cents per gallon, stated by the California wine interests as the prevailing freight on Italian wines, is far below the actual figure, which is more than double the amount stated. Imported wines in casks pay, on the basis of a maritime freight of 25 shillings per ton, about 3 cents per gallon net, to which figure must, however, be added in the case of fractional shipments, such as prevail in the case of imported wines, 1½ cents for contingent expenses (consular invoice, insurance, loading and unloading charges at the shipping port, etc.), bringing the actual maritime freight in the majority of cases of imported foreign wine up to 4½ cents per gallon, a figure equal to the most favorable maritime freight on California wine from San Francisco to New York.

The 4½ cents per gallon represent the actual outlay in bringing foreign wine from Genoa or Naples to the dock in New York, but do not represent the actual cost of freight from the place of production of said wine to New York or other markets of the United States to which that wine may be destined. To the maritime freight must be added the inland freight on the wine from the place of production to

the port of shipment, and the further freight from the port of landing in the United States to the market to which it is consigned.

Italian wines shipped to the United States do not, as a rule, come from the immediate neighborhood of such ports as Genoa, Leghorn, etc., but from inland districts often far away from the port. The most important wine-growing districts of Italy are, in fact, located at a considerable distance inland, so that it becomes absolutely necessary to add the inland to the maritime freight, in order to establish the true cost of transportation.

Two factors must be considered as entering into the cost of this inland freight, which naturally varies according to distances from the port, and these are:

First. Railroad freight.

Second. Cartage from winery to railroad station.

Differing from California, where wineries have been built according to modern industrial requirements along a railroad or with railroad connection, which gives to the Californian producer a great advantage over his foreign confrêre, few wine establishments enjoy similar facilities in Italy, the large majority of them being located far out into the country in the middle of vineyards and often far away not only from the railroad, but even from highways. The wine has, therefore, to be loaded, first, on wagons, then to be carted over many miles of country road, and in some places of the south, where means of communication are wanting, even on the backs of mules, in order to reach the railroad station whence it is to be forwarded to the port from which it is shipped. At the station it has to be unloaded from the wagons and loaded on the railroad cars, and again at the port it has to be unloaded from the railroad cars and loaded on the ship, thus going through a number of loading and unloading operations which not only greatly increase the cost of transportation, but also the risk of the safe conveyance of the goods. Cartage along country roads, with contingent loading and unloading operations, will cost at least from 1 to 2 cents per gallon, and as much will be the cost of railroad freight in reaching the port of shipment, so that in estimating the inland freight at an average of 3 cents per gallon is a conservative figure. In the case of cased goods freight charges come naturally much higher. Hence, the reason why the inland freight is often much higher than the maritime.

When the 3 cents per gallon, representing the average inland freight, are added to the 4½ cents representing the maritime freight plus contingent expenses, it will be seen that it costs as much, if not more, to ship wine from Italy to New York as it does to send wine from California to New York by the overland route, viz, 7½ cents per gallon, while California wine can be shipped by sea from San Francisco to New York from 4½ to 5½ cents per gallon.

Let us illustrate our statement with a few examples. To ship wine from Cerignola, Italy, which is an important wine-growing district about 200 miles southeast of Naples, to New York it costs 8½ cents per gallon, and from the province of Basilicata, which is comparatively nearer to Naples but in unfavorable conditions as regards means of communication, it costs as much as 9½ cents per gallon.

When foreign wine has reached New York or any other Atlantic coast port, it has reached one market of consumption, but not yet the inland markets of the United States, to which, however important its consumption may be in New York, is distributed according to the

demand. Italian and foreign wines go as far as San Francisco, which in year 1906 imported by direct shipment alone (without taking into account the quantity received through New York dealers) 20,605 cases and 2,399 gallons. Chicago (with 34,867 gallons and about 10,000 cases of Italian wines received directly in year 1906), Pittsburg, Buffalo, Cleveland, Cincinnati, St. Louis, St. Paul, Denver, etc., the many important and thriving manufacturing cities of New England, the State of New York, Pennsylvania, Ohio, Illinois, and other prosperous Middle West, Western, and Southern States, are all markets where numerous consumers of Italian wine exist; and, although some of them receive direct importations, they are, however, mostly tributary to New York, which books and fills their orders for small quantities at a time.

To reach these markets foreign wines have to pay additional freight, which, in the case of shipment from New York to San Francisco and other western points, are higher than in the case of the freight on California wines sent to the eastern markets. Without going as far as San Francisco, let us take, for instance, the case of imported wine sent from New York to Chicago, which is only one-third of the distance, and where about 100,000 Italo-American citizens ask for these wines. Italian wine, after having paid about $7\frac{1}{2}$ cents per gallon, against $4\frac{1}{2}$ cents for California wine shipped by sea to reach New York, has to pay an additional freight of 65 cents per 100 pounds gross weight, or about $7\frac{3}{20}$ cents per gallon, to reach Chicago, making a total of $14\frac{13}{20}$ cents per gallon, or almost double the freight of $7\frac{1}{2}$ cents per gallon paid by California wine to reach that market.

California, in shipping to inland markets, has the advantage of carload rates, which imported wines have not, as the demand for such wines is only for smaller quantities at a time. It is a fact that through rates from Italian ports to some inland markets of the United States, such as Chicago, exist, but they are practically unavailable because carload orders for imported wines are never received from such markets. In actual business the rates paid are not the through rates, but the rate to New York first, and thence the rate from New York to Chicago.

While for California wines New York is the last point reached, for imported wines it is only the first point, and in considering the pros and cons in the matter of freights equity requires that the same field be covered in the case of foreign as in that of domestic wines, when it will be seen that the advantage in freight is by far on the side of the domestic product—to the extent, we would say, of 100 per cent in favor of the latter.

Second. That more than one-half of the California wine shipped to New York, in fact all important shipments, do not come by railroad, but by sea, subject to a rate of $4\frac{1}{2}$ to $5\frac{1}{2}$ cents per gallon. In the year 1907 the arrivals by sea of California wine to New York were of 1,503,700 gallons, and the shipments in the previous five years were as follows:

	Gallons.
1906	1,887,900
1905	2,843,550
1904	3,641,700
1903	3,431,390
1902	3,407,445

"However, these figures," notes the Bonfort's Wine and Spirit Circular, at page 216, volume 69, No. 5, January 10, 1908, "do not indicate that the consumption of California wines is decreasing, for, as a matter of fact, it is on the increase. Whether California wines arrive by sea or by rail is pretty largely a matter of the existing freight rates."

The lower figures in the arrivals of California wine by sea during the last three years were due to the destruction of the old stock by the San Francisco fire of April, 1906, in consequence of which 15,000,000 gallons were lost; so that not only was the supply materially reduced, but shipments had to be made from inland California points, in which case it was more convenient to ship by rail than by sea.

The reciprocity rate of 35 cents per gallon on wine from Italy has been in force from July, 1900, and as the shipments by sea of California wines to New York have since increased up to 1904, this shows that the reciprocity rate has not been the cause of the decrease in the importations by sea of California wine to New York that took place in the following years, however meaningless this decrease in the shipments by sea has been with regard to the consumption of California wines, which, as Bonfort's Wine and Spirit Circular states, has not decreased, greater having been the quantity of California wine shipped by the overland route since 1906.

The construction of the Panama Canal, now under way, which has been alluded to in the memorial of the chairman of the general committee of the State of California on tariff revision (p. 465, Tariff Hearings, Sixtieth Congress, first print, No. 7, Wednesday, November 18, 1908), as a means of extension of transportation facilities, will enable California growers to ship their wines to New York and other Atlantic-coast markets at a much lower, probably one-half of the present, rate. This will give to California wines within a comparatively near future not only a far greater advantage over foreign wines in the matter of freight, but also in that of the time required to reach eastern markets, which is also a factor of great commercial importance.

WHY THE IMPORTATION OF ITALIAN WINES HAS INCREASED UP TO 1907 AND HAS DECREASED IN 1908.

A statement has been made before this honorable committee alleging that the increased importation of Italian wines has prejudiced the consumption of the California product. Statistics have been quoted in an attempt to substantiate this statement, which, however, upon impartial consideration of actual facts, can not fail to prove groundless.

In one of the memorials presented by the California wine interests it is even alleged that the importation of Italian wines has increased 500 per cent of what it was four years ago, while, as statistics show, it was in fiscal year 1907 only 82.22 per cent greater than in 1904; and such spellbinding statements as "the United States being made the dumping ground for the surplus of European wines" occur, which might be effective with a different class of men than the gentlemen composing this honorable committee, who do not ignore the fact that in the case of such countries as France and Italy, which have pro-

duced in 1907, respectively, 1,744,255,207 and 1,495,126,400 gallons of wine (against only 55,000,000 gallons produced in California), it is not the 1,860,227 gallons of wine in casks and 198,785 dozens of still wine in bottles imported into the United States from Italy in fiscal year 1907, or the 427,767 gallons of wine in casks and 214,986 dozens of still wine in bottles exported by France to this country in the same year that can solve the problem of overproduction of this commodity in the countries above mentioned, their exports to this country being practically but a drop in the bucket when compared with the enormous amount of wine produced by them. Even the total export trade of Italian wines to foreign countries, which scarcely represents 2½ per cent of the total production, is an almost immaterial factor in the problem of disposing of the surplus production, amounting to several hundred million gallons, so that it will be seen that a few million gallons more or less in the exportation, such as represented by the shipments to this country, are practically insignificant in so far as to secure to the surplus production an adequate outlet.

Italian wines exported to this country have gradually increased, as follows:

Fiscal year—	Gallons.	Cases.
1901	251,934	97,150
1902	872,059	85,242
1903	689,626	112,946
1904	974,190	127,432
1905	1,077,594	153,137
1906	1,420,484	164,747
1907	1,860,227	198,785

The reason is to be found simply in the gradual increase of Italian immigration into the United States, which was as follows:

Fiscal years ending June 30—	Number.
1901	135,996
1902	178,375
1903	230,622
1904	193,296
1905	221,479
1906	273,120
1907	285,731

The above figures explain why the importation of Italian wines, as of other Italian products, has increased. It must be noted, however, that the Italians who have emigrated to the United States are not only consumers of the wines of their native country, but also of domestic and especially of California wines, the consumption of which increased steadily from 1901 to 1904, as shown by the following figures indicating the arrivals of California wine by sea at the port of New York, during all of which years the reciprocity rate with Italy was in force:

	Gallons.
1901	3,389,845
1902	3,407,445
1903	3,431,390
1904	3,641,700

In 1905 the arrivals of California wine by sea at New York amounted to 2,843,550, thus showing a small decrease, due to shortage of the crop in 1904 and increase in price. In 1906 they decreased further to 1,887,900 gallons, and further still to 1,503,700 gallons in 1907, owing to the great shortage in the supply caused by the loss of about 15,000,000 gallons through the San Francisco fire, followed by the scarce vintage of 1906. The vintage of 1907 was abundant, but did not become available till 1908. This year will also show a decrease, due to the economic and commercial crisis that has affected the country, restricting the consumption in most lines of goods, and to the exodus of many Italian immigrants (estimated at 500,000), who have returned to the old country on account of bad times.

These causes have reduced the consumption of California as well as of Italian wines, as shown by the arrivals of said wines at New York during the first eleven months of 1908, which have been for California wines by sea of 1,361,150 gallons, against 1,409,900 gallons during the same period of 1907, and for Italian wines of 795,120 gallons and 107,264 cases, against 998,180 gallons and 128,484 dozens in the same period of 1907.

If the claim of the California wine interests that they have suffered in consequence of the importation of Italian wines was true, the importation of these wines in 1908 should not have decreased, as it has, instead, to the amount of about 20 per cent, and as it is still decreasing at a greater ratio, but should have increased, all the more so as the supply has never been so plentiful in Italy and prices so favorable as during 1908, a further proof that even extraordinarily abundant crops, either in Italy or France, do not affect materially trade conditions with the United States.

As already stated in the former memorial presented by this chamber to this honorable committee, Italian wines do not compete with domestic production, owing to the wide difference in price, the minimum cost price for Italian wine in New York being 70 cents per gallon, against 36½ cents for California wine.

California and Italian wines, being respectively of a different standard of quality, answer different requirements of the demand, only an occasional demand for a higher-grade article on the part of the Italian consumer being the field covered by the Italian supply, while California wine provides to the everyday consumption of the Italian immigrant class, who will, however, turn to beer or cider if prices are increased or quality not maintained satisfactory; another reason this why the consumption of California wines has not, perhaps, kept apace with its possibilities as it would if the quality of the wine during the last three years had more satisfactory, and its price, which used to be around 30 cents per gallon, had not been increased by the combination of California interests practically controlling this industry.

The reason, therefore, why the importation of Italian wines has increased up to 1907 is the increased immigration from Italy, in the same way as the exodus of the same immigrants, who have returned to Italy in 1908, has determined a shrinkage in the shipments of Italian wines to this country for the same year.

It is merely a coincidence, which the California wine interests artfully exploit in their vain attempt to substantiate a claim of alleged prejudice to their industry from the increased importation of Italian

wines, that since 1905, viz, five years after the reciprocity rate became effective and the shipments of California wine to New York had steadily increased, the quantities of the latter began to shrink, which on the face of the increased maritime freights (the rate used to be formerly only about 3½ cents per gallon) is first of all no actual evidence of decreased consumption, shipments overland having in many cases superseded shipments by water; but even admitting it were proof of diminished consumption, it was due to the unfortunate circumstances aforestated, namely, shortage in supply caused by loss through the San Francisco conflagration, shortage of vintages, poor quality, accompanied by an aggravating increase of price (which increased 10 cents per gallon point blank soon after the fire) for an article the consumers of which turn easily to other beverages such as beer and cider, when price is raised beyond a certain limit and the standard of quality is not satisfactory.

ALCOHOLIC STRENGTH OF ITALIAN WINES.

The California wine interests allege that since the enactment of the uniform reciprocity rate of duty of 35 cents per gallon, irrespective of the alcoholic strength of the wine, whether below or above 14 per cent of alcohol by volume, almost the entire bulk of Italian wines imported in casks is represented by wines containing over 14 per cent of alcohol, and in proof of their assertion quote the figures from page 1020 of the official statistics relating to the foreign commerce and navigation of the United States for the year ending June, 1907, according to which out of a total of 1,860,227 gallons of Italian wines imported in said fiscal year, 1,736,702 gallons are represented as containing more than 14 per cent of alcohol and 64,428 gallons as containing that amount or less.

On the basis of such figures the California wine interests, by hypothetical arguments and veiled innuendos, as well as by open statements unsupported, however, by any proof, attempt to insinuate that Italy is bringing over distilled spirits into the United States under the shape of wine, that dry wines fortified to as much as 24 per cent of alcohol are imported in order to be diluted with water so as to double the quantity of merchandise and thus reduce the duty from 35 to 17½ cents per gallon, and similar damaging statements, in support of which not an iota of evidence is submitted, save the possible deduction from the statistical figures above stated.

Against such unwarrantable allegations as the above, advanced with such statements as "personally I do not know anything about Italian wines," "remember that I am not making the claim that this is done," which render all the more unjustifiable the insinuations made, this chamber enters a most emphatic denial and protest. The statistical data, quoted by the California wine interests to demonstrate that the bulk of wines in casks imported from Italy are above 14 per cent of alcohol, although official, are, we believe, incorrect, as they are not based upon actual verification by analysis of the alcoholic strength of all the wines imported, which was rendered superfluous (save in very rare cases of doubt as to wine containing more than 24 per cent of alcohol) after the application of the uniform reciprocity rate irrespective of the amount of alcohol contained.

Upon this point this chamber invites this honorable committee to inquire fully into the methods followed in establishing said statistical classification and to ascertain facts.

The whole fabric of hypotheses and insinuations against the Italian wine trade, based by the California wine interests on the official figures relating to fiscal year 1907, contained from page 157 to 170 of Tariff Hearings, Sixtieth Congress, First Print No. 3, Thursday, November 12, 1908, is entirely demolished when it is considered that the official figures as to the quantities of Italian wines imported below and above 14 per cent in fiscal year 1907 are unsupported by proof.

Certainly a mistake has been made, and it looks entirely as if a mistake of transposition were made, namely, that the quantities stated for fiscal year 1907 as containing over 14 per cent of alcohol should, instead, be under the head of wines containing 14 and less of alcohol per cent, and vice versa. In proof whereof confront the figures of which the exactness is questioned with the corresponding official figures for the fiscal years previous to 1907, which follow:

Italian wines in casks imported into the United States under the reciprocity rate of 35 cents per gallon.

Fiscal year ending June 30—	Total importations in casks.	Containing 14 per cent and less of alcohol by volume.	Containing more than 14 per cent of alcohol by volume.[a]	Percentage containing 14 per cent and less of alcohol by volume.
	Gallons.	*Gallons.*	*Gallons.*	
1906	1,420,484	1,374,303	46,181	96.75
1905	1,077,594	1,021,421	56,173	94.79
1904	974,190	901,644	72,546	92.55
1903	689,626	628,716	60,910	91.17
1902	372,059	331,597	40,462	89.12
1901	251,934	204,580	47,354	81.24

[a] Calculated by difference.

On the face of the foregoing figures for a series of fiscal years previous to 1907, is it not strange and unexplainable that the character of the importations should have changed so materially as to make the percentage of wines imported at 14 and less of alcohol, which was 96.75 in 1906, as low as 6.64 a year after, or in 1907, and that the percentage of wines imported above 14, which was 3.25 in 1906, should have become as high as 93.36 in 1907? Is it feasible that such radical change should occur in a single year? Is it not far more likely that a clerical error of transposition of figures has been made in the statistics relating to fiscal year 1907? It seems to this chamber that the figures under the head "Wines containing more than 14 per cent of alcohol" should be placed under the other head "Wines containing 14 and less per cent of alcohol." Comparison with the figures of previous fiscal years proves that it should be so and that clearly a clerical error of compilation has been made, as the importations could not have changed their character so profoundly in the brief space of one year.

But this chamber needs not go begging for evidence on this score. From the following table, compiled with the data taken from an

official publication of the Italian Government on the composition of the wines and grapes of Italy (" Notizie e studi intorno ai vini ed alle uve d'Italia," published by the Ministero di Agricoltura, Industria e Commercio, Roma, 1896), the alcoholic strength found upon analysis of about 12,000 samples of natural unfortified wines collected from the different provinces of the Kingdom is shown to be as follows:

Containing alcohol by volume, per cent—	Number of samples of wine examined.		
	Red.	White.	Total.
4 to 5	5	2	7
5 to 6	21	6	27
6 to 7	73	26	99
7 to 8	207	51	258
8 to 9	429	113	542
9 to 10	751	222	973
10 to 11	1,068	389	1,457
11 to 12	1,276	622	1,898
12 to 13	1,718	561	2,279
13 to 14	2,322	337	2,659
14 to 15	972	249	1,221
15 to 16	256	154	410
16 to 17	91	48	139
17 to 18	22	7	29
18 to 19	1	....	1
	9,212	2,787	11,999

From the above table it will be seen that the average alcoholic strength of Italian wines, according to the samples examined, is 12.08 per cent; that only 15 per cent contain more than 14 per cent of alcohol, a character this which is likely to be shared also by the importations into this country. The deductions from the foregoing table furnish further evidence that the official figures as to the quantities of Italian wines imported above and below 14 per cent in fiscal year 1907 are erroneous, and to substantiate this reasonable assumption, we will state that there are no red fortified wines shipped to this country from Italy, the only types of fortified Italian wines which are shipped to the United States being Marsala, a white Sicilian wine, the shipments of which in year 1906 (the latest available figure) according to Italian official statistics amounted to about 64,400 gallons; and vermouth, a sweetened, slightly fortified, and aromatized white wine, shipped from Piedmont, the exportations of which in casks were in 1906, according to the same source, 26,000 gallons; a total aggregate of fortified wine in bulk exported from Italy to the United States of about 90,400 gallons, against a total importation of Italian wines into the United States in the same year of 1,420,484 gallons (United States statistics).

In fiscal year 1896, when the two rates of duty on wine were still in force according to its containing more or less than 14 per cent of alcohol, the aggregate of wine in casks imported into the United States amounted to 2,768,484 gallons. Of these 1,709,957 gallons, or about 61½ per cent, were represented by wines containing 14 or less per cent of alcohol, and 1,058,527 gallons, or about 38 per cent, by wines above that figure. There is no reason why these percentages should have undergone material change under the uniform reciprocity rate. The quantities imported under and above 14 per cent are only stated in the aggregate and not by countries in the statistics of fiscal

year 1896. Italy, producing on the average wines of lower strength than Spain and Portugal, the importations from which latter countries are chiefly represented by naturally strong or fortified wines, would in the aggregate be at a disadvantage as to the percentage below 14, which would be higher if its importations were considered separately.

Finally, in support of our contention that the official figures for fiscal year 1907 as relating to the amounts of wine, respectively, imported under and above 14 per cent of strength are incorrect, we submit the following: It is well known that Germany produces the wines of highest alcoholic content, Rhine and Moselle wines averaging in alcoholic strength from 10 to 12 per cent, owing to the fact that Germany is at the extreme northern latitude for grape growing, and that the fruit, which often fails to attain perfect maturity, develops normally a comparatively limited amount of sugar.

According to the official figures for fiscal year 1907, Germany imported into the United States 768,784 gallons, or about 79 per cent of its total importations, above 14 per cent of alcohol, and only 203,774 gallons, or about 21 per cent, below that standard. From these percentages it would appear that four-fifths of the German wines possess a higher alcoholic strength than 14 per cent, which is far from truth. The reverse is the case for Germany as for Italy and France.

Apart from the foregoing considerations, proving the error of the figures upon which the California wine interests base their argument, there are other reasons which would prevent the importation of fortified dry wines and their subsequent dilution, namely:

First. The standard for dry wine established by the United States Department of Agriculture and proclaimed in Circular No. 19, Office of the Secretary, June 26, 1906, establishes that dry wine shall contain no more than 16 per cent of alcohol by volume, which is far short of the 24 per cent, and low enough to prevent wines being imported for the unlawful purpose of reducing them to lower the burden of the duty.

Second. The enactment and enforcement of the food and drugs act, June, 1906, prevents such practice as alleged by the California wine interests, which would constitute adulteration and be punished and stopped as such within the meaning of said act.

Third. By such dilution as the California wine representatives allege, it would be impossible to obtain drinkable wines, the flavor of the wine not being determined by the alcoholic contents but by the total solids, which can not be put into the wine so as to hide adulteration, and the resulting product of such dilution would be a concoction devoid of its natural vinous flavor, such as demanded by consumers of wine, and impossible to sell. No other addition can be so easily detected in wine as that of water used in sufficient quantity to allow a profit.

NO BOUNTY ON EXPORTED ITALIAN VERMUTH.

A statement has been made to this honorable committee that the Italian Government allows an export bounty on vermuth. This chamber begs to state that this is not true. If it were, vermuth would, according to the present tariff law, have been subjected to an extra duty equal to the amount of the bounty paid.

Vermuth is a sweetened and slightly fortified wine, to which the extract of aromatic herbs has been added for the purpose of imparting to it its characteristic flavor. It has an average strength of 15 per cent of alcohol and contains from 10 per cent upward of sugar. In Italy it is prepared with white wine having a natural alcoholic strength of about 11 per cent. The Italian Government allows on the vermuth destined to exportation the drawback of the internal-revenue tax on what little amount of wine spirits (about 3 or 4 per cent) is used to fortify. Likewise, drawback of the duty or of the internal-revenue tax on sugar imported or manufactured in Italy is allowed for the amount of cane sugar added to vermuth destined to exportation, such allowance not exceeding, however, 5.25 lire (about $1) per hectolitre—26½ gallons. Similar drawbacks of duties or internal-revenue taxes are allowed in all countries, including the United States, on articles imported for manufacture and then reexported. But the United States goes further by allowing the fortification of sweet native wines with grape spirits practically free of tax, not only when said fortified wines are exported, but also for home consumption.

The whole question amounts, therefore, to the partial allowance of the internal-revenue taxes on duties returned on spirits and sugar, which is not an export bounty, similar practices obtaining in the fiscal laws of all countries.

FOREIGN SWEET WINES ARE DISCRIMINATED AGAINST IN THE USE FOR MEDICINAL PURPOSES.

The California wine interests avail themselves of the unfortunate circumstance that some time ago a regulation was issued by the Internal Revenue Department against the use of domestic sweet wine free of tax in the manufacture of patent or proprietary medicines, to claim that they are discriminated against and not sufficiently protected against foreign sweet wines.

As the disqualifying regulation in question has recently been suspended indefinitely by the Internal Revenue Department, no such claim can now be advanced, and fortified California sweet wines can be used in the preparation of medicinal wines as well as the imported sweet wines.

The theory of the department in issuing the regulation in question was that as California sweet wines are fortified with untaxed spirits, the Government would be defrauded of revenue if such wines could be used in medicinal preparations, while the use for the same purpose of imported sweet wines, which pay a duty of 35 cents per gallon, would not have caused any loss to the revenue.

With the removal of the ban on native sweet wines, these are benefited to the extent of from $3,000,000 to $4,000,000 annually, and the disqualification is now on the side of the foreign sweet wines, which have to pay a duty of 35 cents per gallon, while native wines can be used for medicinal purposes practically free from any tax.

Vermouth is manufactured in the United States free of tax, while imported vermouth has to pay a duty of 35 cents per gallon when in bulk and of $1.25 per dozen quarts when in bottle.

Vermouth, of which sweet wine is the normal base, and which forms a large item under the head of imported wines, can be manufactured

in the United States free of duty, as the sweet wines which are used for this purpose are fortified with practically duty-free grape spirits. Native wines containing as much sugar as required for the manufacture of vermouth (10 to 15 per cent) and much more spirits (they can be fortified up to 24 per cent) than is required for the manufacture of vermouth (about 15 per cent) are largely used in the manufacture of such product in the United States, not only with the advantage over the imported article of exemption from any duty or tax, but also with the advantage that by using a native sweet wine fortified up to 24, or even only up to 20 to 21 per cent of alcohol, a greater quantity of vermouth can be made with the domestic wine than it is possible to make abroad, where mostly wines of only 11 per cent strength are used for this purpose.

Foreign vermouth of 15 per cent strength, by paying duty at the rate of 35 cents per gallon, pays at the rate of 2⅓ cents per degree for alcoholic content and not at the rate of 1½ cents, as stated in the memorial of the chairman of the general committee of the State of California on tariff revision, there being no vermouth imported at the strength of 24 per cent. On the contrary, vermouth manufactured in this country pays no tax at all, and when considering that from 1 gallon of domestic sweet wine fortified up to 24 per cent of alcohol far more than 1 gallon of domestic vermouth can be manufactured it will be seen that the protection in favor of domestic vermouth is not only of 35 or 40 cents per gallon, but actually higher.

ANY INCREASE IN THE DUTY ON WINES WOULD DAMAGE THE AMERICAN COOPERAGE TRADE WITH FOREIGN COUNTRIES.

The California wine interests state in one of their memorials that all oak for cooperage must be imported from the East and pay a high freight to the Pacific coast.

In this respect the trade in imported wines is even under greater disadvantage. Italy imports almost all her cooperage from the United States, especially from the forests of Missouri and other southwestern and southern States. In the year 1906, out of a total of 22,391 tons of staves imported into Italy, 19,465, valued at 4,048,720 lires, or 86.93 per cent of her supply, came from the United States. Owing to the large size of the Italian wine industry Italy is a far larger consumer of American cooperage than California. We might state that Italy pays annually to the United States, on account of the cooperage imported from this country, as much money as the United States pays to Italy for the aggregate importation of Italian wines, and while Italy admits American cooperage free of duty, the United States charge on the average a 100 per cent duty on Italian wines.

In respect to freight on cooperage Italy is at a decided disadvantage in comparison with California. First, the cooperage has to be hauled to New Orleans or some eastern port, thence to be shipped to Italian ports, thence again forwarded inland to the places where the wineries are, thus paying three freights, the first in the United States, the second for the ocean voyage, the third from the Italian port to final destination, against one freight only paid by the California wine maker.

CONCLUSION.

Any hindrance to the importation of Italian wines in this country in the shape of augmented duties would affect correspondingly this now flourishing American trade in staves with Italy, and from this standpoint, as well as from the other reasons aforestated, this chamber reiterates to this honorable committee its earnest recommendation that the tariff on foreign wines remain unaltered if it is not possible to reduce it, as the interests of both consumption and revenue would make advisable.

If no reduction of the present duties on wine, representing on bulk wines a protection of 100 per cent in favor of domestic production, is granted and the duties are rearranged according to a maximum and minimum tariff, then this chamber recommends that the present reciprocity rates (viz, 35 cents per gallon on wines in bulk and $1.25 per dozen on bottled still wine) be made the maximum rates.

The consumption of wine in this country is already suffering from the depressed condition caused by the prohibition propaganda, which does not except, as might reasonably be expected, in favor of such salutary beverages as light wines when used in moderation, but wrongly maintains on it the ban that it places on strong intoxicating beverages; it is also suffering under the heavy burden of restrictions placed upon it by fiscal excise laws, so that it has now reached the critical point when any increase of burden would prove fatal to it.

Under its distressed condition it appeals to the wisdom of the legislators for relief, and in this appeal, which this chamber earnestly hopes will not remain unheeded, it reminds them of the wise words with which one of the greatest American statesmen, Thomas Jefferson, pleaded its cause before Congress in a famous message, from which we quote:

"I rejoice," wrote Jefferson, "as a moralist, at the prospect of a reduction of the duties on wine by our national legislature. It is an error to view a tax on that liquor as merely a tax on the rich. It is prohibition of its use to the middle classes of our citizens and a condemnation of them to the poisons of spirits which is desolating their homes. No nation is drunken where wine is cheap, and none sober where the dearness of wine substitutes ardent spirits as its common beverage."

For the Italian Chamber of Commerce in New York:

G. Perera,
G. Granata,
Acting President.
G. R. Schroeder,
Secretary.

SCHEDULE I.—COTTON MANUFACTURES.

BELTING AND PRESS CLOTH.

THE SCANDINAVIA BELTING COMPANY WRITES RELATIVE TO COTTON AND CAMEL'S HAIR BELTING AND PRESS CLOTH.

BOSTON, MASS., *December 15, 1908.*

Hon. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

MY DEAR SIR: We would respectfully call your attention to what is an unfairness under the existing tariff, namely:

SOLID WOVEN COTTON BELTING.

These belts are used for conveying and transmission, and pay a duty of 45 per cent ad valorem as manufactures of cotton, section 7682. In fact, the duty on solid woven cotton belting is as high as the duty on cotton cloth. See paragraph 322, which says: "All the threads of which can not be counted under a glass or actually separated and counted," etc. This places cotton belting, which is a coarse material and which can not be used for anything except in manufacturing, as stated above, for transmission or conveying, on a higher duty than ordinary low-quality cotton goods.

Cotton belting should come under practically the lowest duty of manufactures of cotton.

It is now assessed the same duty as cotton hatbands, as ribbons, section 16093; also the same duty as provided in paragraph 322; as rouching, partly made of cotton; as manufactures of cotton, section 7511; as skirting, paragraph 322, hemmed on one side; as manufactures of cotton, sections 9297–11331; also as designated under paragraph 320.

Cotton belting is not a luxury, but an article which is used in manufacturing other goods.

The duties upon and classifications of the following goods make the importation thereof absolutely prohibitive.

CAMEL'S-HAIR BELTING.

Camel's-hair belting is used for the same purpose as leather, stitched canvas, "Scandinavia" solid woven, or rubber belts, namely, for transmission and conveying, and is really a belt that is much desired by the paper manufacturers of the country. It is classified as dress goods under paragraph 371, section 9666.

CAMEL'S-HAIR PRESS CLOTH.

Camel's-hair press cloth is also classified as dress goods. Press cloth is used for pressing cotton seed for oil, chocolate, sugar, etc., and is used entirely in manufacturing, and it should therefore not be classed as dress goods.

This pays a duty of 44 cents per pound and 55 per cent ad valorem, under paragraph 366. If the goods are composed of cattle hair, they are dutiable at 20 cents per square yard under paragraph 431—this under the report of appraisers at New York. The appraisers of Philadelphia write—the duty is assessed under paragraph 366—that if valued under 40 cents, at 33 cents per pound and 50 per cent ad valorem; if between 49 cents and 70 cents per pound, 44 cents per pound and 50 per cent ad valorem; if 70 cents per pound, 44 cents per pound and 55 per cent ad valorem.

Camel's-hair press cloth should be classified under paragraph 431 the same as cattle-hair press cloth.

Our objections are contained in the fact that these goods, which are coarse goods and used only in manufacturing, should be classified as dress goods and put at such a high duty.

The duty on camel's-hair press cloth and camel's-hair belting is absolutely prohibitive, and although these are things which are needed in the country they can not be imported. Cheaper goods sold as camel's-hair press cloth and camel's-hair belting are, we understand, sold under the name of camel's hair, although not composed of camel's hair but of cattle hair, and come in at 20 cents per square yard under paragraph 431.

What manufacturers need and desire they can not obtain under these circumstances, nor does the Government obtain any revenue whatsoever from true camel's-hair belting or true camel's-hair press cloth, because these goods can not be imported on account of the prohibitive duty.

All of the foregoing goods are manufactured in England.

Under separate cover we are mailing samples of goods above mentioned.

Respectfully submitted.

THE SCANDINAVIA BELTING CO.,
GEO. WATSON BEACH, *Treasurer.*

CORSETS.

JOSEPH BECKEL & CO., NEW YORK CITY, TAKE EXCEPTION TO BRIEF OF CORSET MANUFACTURERS' ASSOCIATION.

NEW YORK, *December 12, 1908.*

WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: We are in possession of a duplicate copy submitted to you by the Corset Manufacturers' Association of the United States. While we are a member of this association, we regret to say that we do not approve of the petition submitted to you.

In the first place, we are not fully acquainted with the wages of European labor in the manufacture of corsets or corset materials. We are also satisfied that the petitioners are unable to get figures from Brussels, as we are the American agent of the largest firm there, and they would even refuse to give us their figures of labor, unless we especially requested it for this certain purpose.

The wages paid for labor in Europe is certainly over one-third of the amount paid here—in many instances over one-half. As we stated to your honorable body before, the machinery which is used in the production of corsets in this country has materially reduced the price of labor, while abroad the work is principally done by hand.

The following are the rates of duty on the principal corset materials: There are some cotton cloths imported, but the proportion to domestic goods is a very small percentage. This also applies to silk corset materials.

Wool cloths are absolutely not imported and have not been under the present tariff.

Thread used in the manufacture of corsets is entirely domestic.

Corset clasp importation can not be over 1 per cent of the product used in this country.

Corset wire is absolutely not imported.

Corset wire stays, no importation.

Corset edging and embroideries are all imported.

Corset lacers, importation would not amount to 1 per cent of the quantity used at the present time.

Silk ribbons also are a small percentage.

SKILLED AMERICAN WORKMEN IN CORSET FACTORIES.

There are very few machine operators who earn over $10 per week, principally below this amount.

Skilled hand operators the same.

Skilled overseers (female), very few, if any, are paid $25 per week.

Skilled overseers (male), very few, $40 per week.

There are very few skilled designers, there may be a few, who earn a trifle over $25 per week.

In reference to English prices of manufacture, one of your petitioners, Weingarten Brothers, are now employed in England, and would probably be able to give you a fair idea of the labor paid in that country.

In reference to Saxony, where a large number of corsets are manufactured, these goods are so poorly made that there is absolutely none imported into this country, and even though the tariff was much lower, it could not be done. This also applies to Constatt.

Reports from Brussels from a conversation with our manufacturers, the report as to wages are absolutely not true, the same being much higher.

In conclusion we wish to state that some of the manufacturers in this country also pay very small wages, as goods are sold as low as $2.50 per dozen. Even this year when we are suffering from the effects of a panic every corset manufacturer of prominence has made some money, and doubt if any of them have lost any. This is in addition to their personal living, and some of them require a great many wants for this purpose.

Yours, very respectfully, JOS. BECKEL & Co.

COTTON.

ADDITIONAL STATEMENT OF HON. FRANK CLARK, M. C., IN ADVOCACY OF PLACING A DUTY ON RAW COTTON.

WASHINGTON, D. C., *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As additional to what has been said and submitted in behalf of the levying and collection of a duty on all long-staple raw cotton imported into the United States, either in lint or in seed, from Egypt, Peru, the British West Indies, and other foreign lands, I shall submit, first, a letter from the Hon. Alex. St. Clair-Abrams, of Jacksonville, Fla. Major St. Clair-Abrams states the case so clearly and has such an intimate knowledge of conditions that I feel I can do no better than simply submit his letter for your consideration. The letter is as follows:

JACKSONVILLE, FLA., *December 8, 1908.*

Hon. FRANK CLARK,
House of Representatives, Washington, D. C.

MY DEAR CLARK: I have received your letter as well as the pamphlet on the tariff hearings. There is one matter that I do not think has been sufficiently impressed on the committee and it is this: That you can only raise long cotton or sea-island cotton on light sandy soil, while short staple cotton can be raised on clay and other heavy soils. On the light sandy soil the average of lint on the long or sea-island cotton varies from 100 to 125 pounds per acre, while on the short cotton the average will be 200 to 500 pounds per acre. Therefore, it is not only the difference in price of labor and the cost of picking, but also the difference in the average production of cotton which bears most heavily upon the grower. I think you could have safely stated to the committee, and can still safely state to them, that in Georgia, South Carolina, and Florida there is enough of this light sandy soil adapted to the cultivation of long or sea-island cotton to supply not only the United States but the world.

As a result of the average low price and the uncertainty, caused by the competition from free Egyptian and other cotton, the children of the farmers who are raising the staple, instead of going into the same business, leave the farms and seek other and more profitable avocations, and the result is that instead of the staple increasing in volume every year it remains about stationary and is principally cultivated by the older men, who have no other occupation and are not familiar with any other business that could prove more profitable.

When I came to Florida, in 1874, there was a great deal of long cotton raised in Putnam, Marion, Orange, Volusia, Brevard, Polk, Hillsboro, and Manatee counties. To-day not a bale of cotton is raised in those counties, although there are hundreds of thousands of acres of land in them admirably adapted to the culture of the staple. The decline in the price has been the sole cause of the people abandoning the staple as a farm product. It is perfectly clear to my mind that unless a protective duty is imposed on this cotton that within twenty years there will not be a bale of Sea-Island cotton raised in the South.

It is not a question of apprehension as to the future, but a question of the actual condition which exists at the present time. Under ordinary circumstances our production of long cotton should have increased fourfold, instead of which it has either remained stationary or is actually declining. In the meantime thousands of our young men, both white and black, who were born on these long-cotton farms, are annually leaving them because they see no hope of making even a fair living out of its culture. To stop this exodus and abandonment of these farms, to keep these young men on them and afford them a reasonable opportunity of earning a fair profit, is certainly worthy of the attention of Congress.

As you have properly stated, for years I have given this matter a great deal of attention and study. Not a few of my clients have been utterly ruined by the low prices of long cotton and have seen their farms sold from under them

as a result, and they driven, in their mature years, from the homes where they were born to live a life of struggling poverty elsewhere.

Because of my knowledge of the situation and my advocacy of a protective tariff, I refused in 1888 to accept a nomination for Congress tendered to me at Orlando by a committee as a result of the long drawn out struggle between General Bullock and Hon. John E. Hartridge, on the sole condition that I would pledge myself to abide the action of the Democratic caucus on the subject of the tariff. I mention this fact only to show how many years I have had this matter in my mind.

I regret exceedingly that I could not have been in Washington to have aided you in this matter, and wish you the most complete success.

If you think this letter will help you any you are at liberty to file it with the committee.

Repeating my sincere hope that you will be successful in obtaining this much needed and much merited relief to the long cotton growers of this State, I am, my dear Clark,

Very truly, yours,

ABE ST. CLAIR-ABRAMS.

I have made every possible effort to secure exact figures as to cost of production of cotton in Egypt. I have been enabled to secure what I regard as authentic information touching the labor cost in Egypt. I made the statement in my former address to the committee on this subject that labor in the cotton fields of Egypt only commanded a wage of from 10 to 20 cents per day. It seems I was in error, because from the evidence which I shall now furnish the committee it appears that laborers in the upper Nile section receive a wage of from only 9 to 11 cents per day.

I herewith submit a letter from the Hon. Charles P. Neill, Commissioner of Labor of the Department of Commerce and Labor, under date of December 9, 1908, which speaks for itself:

WASHINGTON, *December 9, 1908.*

Hon. FRANK CLARK,
House of Representatives, Washington, D. C.

DEAR SIR: Your request to the Bureau of Statistics, Department of Commerce and Labor, for information regarding the cost of field labor in the cotton fields of Egypt has been referred to this office for attention.

In reply I would say that exact and recent data on this subject are not available. The best information which I can supply you is the following extract from the United States Monthly Consular Reports for 1904, page 1107:

"*Wages in Egypt.*—The Deutsche Kolonial Zeitung of April 7, 1904, says that of the population of Egypt, which is about 8,000,000, only a few are engaged in commerce and industry; the greater part are devoted to agriculture. The labor supply is large and wages are low. In Upper Egypt wages are from 9 to 11 cents per diem; in Lower Egypt, 13 to 18 cents. Board is never furnished. In addition to wages by the day or the month (the latter for overseers), payments may be made according to the work. For example, to plow 1¼ acres, 94 cents; to irrigate it, 70 cents. The fellaheen prefer to receive their wages in natural products, particularly shares of the crop—as, for sowing and reaping, 5 per cent of the grain; for thrashing, 1 per cent of the grain and 1 per cent of the straw. In growing cotton on bad ground they receive one-third to one-half of the crop; on good ground, about one-fifth of the crop and the refuse parts of the cotton plant, to be used as firewood. In the case of corn, the laborer gets one-half the crop; in rice, which requires irrigation, three-fifths. The fellaheen do not like to work where it is necessary to use the sakieh or shadoof (mechanisms to draw water by animals or by hand, respectively). On the whole, the position of the laborer in Egypt is not good."

Hoping that this information is sufficient for your purpose,

I am, very truly, yours,

CHAS. P. NEILL, *Commissioner.*

I desire to state to the committee, in conclusion, that since the hearing on this subject, December 1 last, I have been to Florida, and my

further investigation of the subject convinces me of the truth of the following:

First. There exists in the sea-island cotton belt of the United States sea-island cotton-producing land sufficient to supply any demand for this product in the United States.

Second. No one now engages in the production of sea-island cotton as a money-making proposition. The sea island cotton now grown in Florida is chiefly grown by the very small farmer, who makes a support for his family otherwise and simply plants enough of this cotton (which is generally worked and gathered by his children) to make a bale or two of lint, thus guaranteeing to him some ready money at Christmas time.

Third. Eighty to 100 pounds of lint under present methods, and without the use of fertilizers per acre, is a fair, average crop of sea-island cotton for Florida.

Four hundred and fifty pounds of lint per acre with the present crude methods of cultivation, and without the use of fertilizers, is considered a fair, average crop in Egypt.

Fourth. Labor in the Upper Nile region in Egypt is from 9 to 11 cents per day and in the Lower Nile region it is from 13 to 18 cents per day.

Counting twenty-six working days to the month, and multiplying the said twenty-six days by the average wage, which would be 13½ cents per day, we would have $3.51 as the average monthly wage paid laborers in the cotton fields of Egypt, as against from $25 to $30 per month paid to farm laborers in the sea-island cotton region of Florida.

Fifth. Conditions surrounding the production of sea-island cotton in the United States have grown worse year after year, and unless something is done to save the industry the time is close at hand when not a pound of sea-island cotton will be grown in the United States.

In conclusion, I desire to print with these remarks a clipping from the Evening Metropolis, a newspaper published in Jacksonville, Fla. The item is a telegraphic dispatch from the town of Alachua, a town of about 1,000 inhabitants located in the heart of the sea-island-cotton belt, and has been always one of our principal markets for sea-island cotton.

The news clipping speaks for itself and I herewith present it:

BACKSET FOR COTTON—GROWERS NEAR ALACHUA HAULED STAPLE BACK HOME.

ALACHUA, *December 14.*

Something that has scarcely ever happened in the county, and never at Alachua, is the fact that cotton offered for sale has had no buyers.

This place has not only always paid more for cotton than any other place in the county, but has generally been the leader of the State, and the fact that cotton has been offered for sale by the growers there for the past several days without buyers certainly shows that the market is in bad shape.

It has always been said that cotton is one thing that the farmer could depend on to get cash out of, but the present crop will doubtless make many of the larger growers look to other products another season and see if cotton can not be again brought up to where it will pay the farmer to grow it.

Respectfully submitted.

FRANK CLARK.

COTTON CLOTH.

KUBIE, HEIMANN & CO., NEW YORK CITY, WISH EXPORTED CLOTH ADMITTED DUTY FREE.

NEW YORK, *December 10, 1908.*

Hon. SERENO E. PAYNE,
Chairman of Committee on Ways and Means,
Washington, D. C.

DEAR SIR: I would recommend that in the proposed new tariff law a clause be incorporated whereby the value of American cotton cloth exported for the purpose of being embroidered upon should not be dutiable when returned to this country.

I have reference to the St. Gall, Switzerland, industry. At present all the cotton cloth used in the manufacture of Swiss embroideries is either of English or Swiss make. The advantages to be derived by the United States in adopting a law as above would be (1) a demand for cotton cloth manufactured in this country; (2) the employment of thousands of hands in the cutting out and putting up of such embroideries into pieces.

The method as suggested is the one adopted by the Austrian Government in relation to Switzerland in the same industry. Embroideries are made on 54-inch unbleached cloth, on machines, ranging from 4½ to 10 yards. The cloth could be cut into strips of such lengths and stamped by United States customs officials with the date and the initials of the manufacturer before leaving this country and be identified when returned to this port embroidered.

The duty would be paid upon the valuation of the stitching plus the bleaching. The approximate number of people that would be employed by the different manufacturers in the cutting out and putting up, which would have to be done in this country and paid American wages, could no doubt be supplied to you by the examiner in charge of this department in New York custom-house.

Such a law would affect all manufacturers and dealers alike and would benefit the country by creating practically as yet an unexisting demand for American labor.

If you wish further information regarding this, I would be glad to supply same at your request or if necessary appear in person before your committee.

Yours, very respectfully, MARTIN HEIMANN.

COTTON KNIT UNDERWEAR.

W. W. HOWLAND, NEW YORK CITY, RECOMMENDS INCREASE OF DUTY ON HIGHER GRADES.

NEW YORK, *December 17, 1908.*

Hon. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: As a factor or distributer of knit underwear of more than forty years' experience, most of which has been in the capacity of manager of the underwear department of the house of James

Talcott, of this city, without at present having any direct interest in a mill, and in the course of my long experience having represented scores of them, and believing such knowledge and experience as I have gained in that time may be of some service to your honorable committee, I venture to submit for your consideration certain facts which can be substantiated with reference to the knit-goods industry. In the first place, permit me to say there is no more honorable or legitimate industry in our land, and one in which we should be qualified to be successful, as it embraces not only underwear, but hosiery, gloves, and fancy goods. In the second place, there is not the slightest suspicion or trace of a trust, combination, or monopoly, and one of the principal reasons for this, if the committee cares to know it, is that it is impossible to get enough manufacturers together who could show sufficient profit the past five years that would enable them to form a trust whose securities would appeal to the investing public; and I state as an indisputable fact, without fear of contradiction, strange as it may seem, that instead of the manufacturers trying to see how much they can get for their product, they are engaged in figuring at this writing how near to cost they can sell their goods and still retain some profit.

As an illustration, I would state that while the cotton yarn from which certain underwear is made has advanced in price, the goods manufactured from such yarn are being offered at reduced prices. This anomaly is due to the fierce competition in our own country. What the result would be if more underwear should be imported from foreign countries may be readily surmised. The result of this is that to-day, and for years, there is no commodity of all the necessities of life that is as cheap as underwear or hosiery. It is doubtful whether, in the entire length and breadth of our land, there has come forth a complaint from a consumer of the price he has to pay for such commodities. Now, with reference to the industry in general, while it has grown within the past fifty years to keep pace with our population, and employs to-day several hundred thousands, with an estimated pay roll of about $100,000,000, and the industry is scattered all over the entire country, it can not be said that it is an attractive or remunerative business. While it is true that there are some instances where manufacturers, by reason of their particular facilities or by producing some new fabric that forcibly appeals to the consumer, may have been eminently successful, the great majority are not what are termed a success, and such as have been successful, I may say, are an exception to the rule. In my long experience, dating back into the sixties, I can say with truth that there have been more failures than successes. It is true there are a number of mills making knit goods which might indicate to the casual observer that they were successful, but as the only measure of success that appeals to most investors is the size of the dividend, it can not be said they are a pronounced success.

I have in mind scores of mills, some of which never paid dividends, many of which the most that has been paid has been 5 per cent to 10 per cent per annum; and one I recall at this writing, regarded as a fairly successful mill, has paid on an average of 2 per cent per annum the past six years. A mill in which I was personally interested, in

existence about eight years, paid but one dividend of 10 per cent and after a short time gave up its charter. It may be said these results were due to mismanagement or misfortune, and I will not attempt to deny it in a measure, but if the other so-called "successful" mills had not only to compete with the unsuccessful ones, but in addition were called upon to meet the competition of foreign-made goods (if Congress had not in its wisdom granted protection to the industry), it would be in a worse condition than it is. Everyone who is familiar with the high grades of cotton balbriggan and fashioned underwear and hosiery will agree with me that they have not now nor did they ever have the protection they are justly entitled to, and the result is there are but few mills making that class of goods, which are sold exclusively to the well to do and the rich. Moreover, practically all the goods that come to this market from France and Germany, or at least 90 per cent, are of this character, and come in direct conflict with and bear heavily upon the makers of this class of goods, whereas all that are exported are of the cheaper grade and mostly cheap balbriggans. There can be no question as to the ability of the manufacturers in this country to make goods that are the equal in every respect to foreign goods, and the only reason more of them are not made is because of the insufficient protection under the present law. If in the wisdom of your committee you were disposed to favor an adequate tariff rate to cover such high grades, it would undoubtedly be an incentive for manufacturers to enter this field, and thus materially increase the earning power of our own country. It will be seen from this explanation that the knit-goods industry is one that commands the respect of all classes. It places no burden upon the consumer. It is not guilty of selling its product abroad, when, as is sometimes the case, new goods are introduced which are not made in other countries, at a less price than they are sold to our own people. It is reaching out to all sections of the land, and is entitled therefore to the support of everyone who has the well-being of our people at heart.

Respectfully submitted.

W. W. Howland.

COTTON YARNS.

CERTAIN MANUFACTURERS OF KNIT GOODS ASK FOR REMOVAL OF DUTY FROM FINE YARNS.

Reading, Pa., *December 15, 1908.*

Hon. Sereno E. Payne,
Chairman Ways and Means Committee, Washington, D. C.

Dear Sir: The manufacturers of knit goods, subscribed below, respectfully submit the following statement for the consideration of your committee, in connection with the representations made by Mr. C. Minot Weld, of Boston, Mass., on December 1 on behalf of the spinners of fine cotton yarn.

Mr. Weld contends that the rates of duty provided in the Dingley bill are no longer adequate on twisted fine yarn and on yarns that

are highly finished. He asks for an increase in duty on highly finished yarns which, if figured correctly, would amount to nearly double the present rates.

We are users of fine yarns and are somewhat familiar with the cost of spinning them, and we are free to assert that the present rates of duty are more than adequate; in fact, they are prohibitive. If it is the intention of Congress to protect American manufacturers only to the extent of the difference in cost between American goods and foreign goods, the duty on fine cotton yarn should be very materially reduced. We claim that the duties that are now being collected on cotton yarns per pound are fully equal to the total wages paid per pound by American spinners. We challenge Mr. Weld and his associates to disprove the general correctness of this broad statement.

Mr. Weld's figures of yarns imported in 1907 are misleading, inasmuch as 1907 was an exceptional year in the cotton industry of the United States and the spinners of cotton yarns were unable to fill the abnormally large demand, and as a consequence yarns were imported from England at any cost. The average imports for the last eleven years are very much below the figures of 1907, and are considerably less than 1 per cent of the total output of the American mills. The duty collected on imported cotton yarns is a mere pittance, and the American spinners certainly have complete control of the American market.

Compare with this our own industry, cotton hosiery. The total output of American mills amounts to only about $43,000,000, according to the United States census of 1905. It would probably have been $45,000,000 in 1907, the most prosperous year we ever had. The importations of hosiery amounted to something like $10,000,000, on which the Government collected $4,500,000 in duty. In other words, over 20 per cent of the hosiery consumed in this country is imported, and the hosiery manufacturers have now and have always had the most severe competition from abroad, principally from Germany. Our German competitors absolutely control the American market in fine-gauge hosiery and fabric gloves, mainly because of the excessive duty now being levied on fine, highly finished yarns, which on 100/2 amounts to 30 cents per pound and on 200/2 to 60 cents a pound.

It will readily be seen that with this tremendous advantage in the cost of his raw material, the German manufacturer can very well afford to pay the duty on cotton hosiery and gloves and still undersell his American competitor. Hosiery manufacturers have attempted again and again to capture the market for fine-gauge, light-weight hosiery in the United States, and have been beaten to a standstill each time, and some of them have lost big money in the attempt.

As for cotton-fabric gloves, they can not be manufactured in this country at all, and the Germans control the trade absolutely from the cheapest lines up. It is safe to say that with reasonable duties on fine yarns and a fair protection on our finished product we could successfully compete with the German manufacturer all along the line and get our share of the trade in fine hosiery and gloves, as well as we have been able to compete successfully for the trade in cheap and coarse cotton hosiery.

Now, if the rates asked for by Mr. Weld are incorporated in the new bill, it will be absolutely impossible to import fine yarns from England for manufacturing purposes. The American spinners will have an absolute monopoly of the cotton-yarn business in this country. At present the business is practically controlled by a few large corporations with immense capital. The three concerns who practically rule this business to-day are the American Thread Company, the New England Cotton Yarn Company, headed by Mr. Weld, and the group of mills owned or controlled by Mr. William Whitman, of Boston. With prohibitive rates like those asked for by Mr. Weld and the competition of English spinners entirely eliminated, nothing could prevent the gentlemen controlling the above three concerns to get together overnight, and between the soup and the fish fix prices for their products to suit themselves, and to exploit the American market to any extent. The few independent American mills could easily be bought up or coerced into cooperation by the larger concerns.

It might be argued against this that the manufacturers of hosiery, gloves, and underwear would have a remedy in building their own spinning mill and manufacturing their own yarns. This is impracticable for several reasons. The hosiery and underwear industry is in the hands of a large number of small manufacturers, mostly individual concerns or partnerships, with very limited capital, and they are, perhaps, as a class of manufacturers the poorest in the country.

The business of spinning fine yarns requires very large capital, which the hosiery manufacturers have not had a chance to accumulate. They have never had, even under the Dingley tariff, more than a bare chance to fight, and such a thing as a compensatory rate to offset the duty on their raw material was never even asked for. We understand that our national association has now asked Congress for a duty on cotton hosiery and gloves that will equal the difference between the cost of our product here and abroad, but as far as I know we have figured on the duty on yarns as provided in the Dingley bill and have not contemplated any increase. Against this increase, which would tend to still further hamper the development of our industry, we want to enter our most earnest and respectful protest.

We claim that a duty on cotton yarns of 2 cents a pound up to No. 20, and of one-eighth of a cent per number per pound on all numbers exceeding No. 20 up to and including No. 60, and one-tenth of a cent per number per pound on all numbers above No. 60 and up to No. 120, and no duty on all numbers exceeding No. 120, would give ample protection to American spinners. At least 95 per cent of all fine yarns above No. 120 is now being imported from England, but the excessive duty prevents them from being used largely by American manufacturers. Although the American spinners have had for eleven years an absolute monopoly of the American market, they have not even attempted to spin the fine numbers, simply because they have been making exorbitant profits on the coarser numbers, which it is easier to produce. We are satisfied that the removal of the duty on fine yarns would be of great benefit to the knit-goods industry and would furnish remunerative employment to thousands of workers in the hosiery, underwear, and glove factories of the United States and would enable the manufacturers to compete for the trade in fine

gauge, high-priced cotton goods, which is now controlled by European mills.

In conclusion, we would call your committee's attention to the appended letter of Mr. R. A. Blythe, of 114 Chestnut street, Philadelphia, who is a dealer in cotton yarns, and who is also largely interested in cotton-spinning mills. Mr. Blythe has signified his willingness to furnish such facts and figures relating to the cost of spinning cotton yarns here and abroad as your committee may desire to have in order to decide what rate of duty would equalize the manufacturing cost of yarn between England and the United States.

Most respectfully submitted.

READING KNITTING MILLS,
CHARLES E. LEIPPE, *Proprietor.*
BERKSHIRE KNITTING MILLS,
FERDINAND THUN, *President.*
G. OBERLAENDER, *Secretary and Treasurer.*
RICK KNITTING CO.,
JAMES RICK, Jr., *Secretary and Treasurer.*

EXHIBIT A.

PHILADELPHIA, *December 11, 1908.*

Mr. CHARLES E. LEIPPE,
Reading Knitting Mills, Reading, Pa.

MY DEAR MR. LEIPPE: I have read with much interest your letter to the chairman of the Ways and Means Committee. I heartily agree with you in every word and every sentence. However, you have not gone far enough. The statement you make that the present duty collected on cotton yarns equals the total cost of the wage production paid by the American spinner does not cover the situation thoroughly. You could say that in many cases it far exceeds it. If you will take into consideration the longer hours in the American mill and the increased production, you can readily figure for yourself and to the satisfaction of any sensible person that the present duty is in excess in most every case, except on specially fine counts, such as 150's and above, which are not produced in America, of the actual cost of production.

I will have prepared for you, by competent expert mill superintendents, a tabulated statement of costs on as fine yarns as are produced in America. With all due respect to Mr. Weld, whom I have the honor to know, I would respectfully state that he knows absolutely nothing about spinning. He is the head of the trust, and is placed there to finance it, and I will venture to say that this gentleman, although he is the head of the spinning combine of this country, can not, if his life depended upon it, figure out in detail the cost of any number produced in any of the mills of which he is the head.

With very kind personal regards, I am,

Yours, very truly,
T. ASHBY BLYTHE.

FRED STERNBERG & CO., NEW YORK CITY, RECOMMEND THAT CERTAIN COTTON YARNS BE PUT ON FREE LIST.

NEW YORK, *December 17, 1908.*

CHAIRMAN OF WAYS AND MEANS COMMITTEE,
Washington, D. C.

SIR: Regarding changes in tariff, I wish to put the following before you: Each loom on which textiles are manufactured needs an appliance which is called a "loom harness." For the manufacture of silk dress goods or silk ribbons these harnesses are made from nine or more fold cabled cotton thread, which is imported from Europe, especially Great Britain. For various years I have tried my best to have this cotton thread made in this country, with no success whatsoever. I have taken the help of the best domestic spinners, but have come to the conclusion that this article, for that purpose, can not be made in this country, as I believe that climatic conditions are against the successful making of the thread. Before I go further I wish to state right here that the article can not, as far as my honest belief is, be used for any other purpose.

The thread is used for silk goods in nine or more fold cabled cotton yarns in sizes from 80s up to 180s. The article pays now three-tenths of a cent per number per pound as cotton yarns finer than 79s, which is paragraph 302 of the Dingley tariff. If the article could be brought in free of duty, every silk manufacturer in this country would be benefited by it, as his harnesses would cost him at least 25 per cent less than what they cost him now, and the life of every such harness is only a limited one. There is a provision in the Dingley Act, under paragraph 320, for ready-loom harnesses made from this thread, which of course would have to stand the way it is now, as it applies to the ready harness imported, while my proposal is only for the thread used in such harnesses, and which latter are made in this country. In fact, my honest belief is that nearly all harnesses are made here and only a fraction of a percentage is still imported.

The reason why this thread can not successfully be manufactured in this country is, as far as my experience goes, the following:

The single yarn, made from combed sea island and combed Egyptian cotton is so uneven, on account of the rapid and constant changes in our climate, that when twisted and cabled into 9 or more cord the unevenness shows, and such uneven yarn can not be used for the harnesses. Furthermore, in cabling the thread, after twisting it first into 3 fold, the unevenness brings out the ready thread in so-called "corkscrew twists," which wears on the silk warp and cuts it.

I therefore respectfully would suggest to frame a special paragraph which would read as follows:

Cotton thread advanced beyond the condition of singles by grouping or twisting nine or more single yarns together, and not more

than 12 single yarns, in all sizes finer than 79 single cotton number or size, whether in skeins or on spools, on free list.

I remain, yours, respectfully,

FRED STERNBERG & Co.

P. S.—At the present rate of duty (three-tenths of a cent per number per pound, par. 302) the actual percentage of duty is about 30 to 35 per cent of original cost of thread in Europe.

ARNOLD B. SANFORD, BOSTON, MASS., RECOMMENDS THE DUTY-FREE ADMISSION OF SIX-CORD THREAD YARNS.

BOSTON, MASS., *December 10, 1908.*

Hon SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

MY DEAR SIR: I am somewhat interested in the tariff hearings now being held by your honorable committee, especially that relating to our cotton manufacture, and with your permission will place before your committee some suggestions for their consideration as to the cotton-yarn schedules.

You doubtless will remember the writer, who has appeared at previous hearings of the McKinley, Wilson, and Dingley tariff acts advocating protective duties for yarn, my interest during those years being identified as general manager of two large corporations here in New England with an investment of $2,000,000 of capital and producing annually $2,500,000 of high-grade cotton yarns.

Having been actively engaged for twenty-five years in the manufacture and selling of yarns, with my practical experience thus acquired, it should give me a fair knowledge of the business and its requirements for industry. Through the wise protection given by our Government under the McKinley and Dingley acts the industry has expanded to marvellous proportions during the last twenty years, and we have still more fields to conquer and wrest from our foreign competitors by making still finer yarns in Nos. 100 to 200, which are now being imported, and should be made by our American spinners. Being a firm believer in the fundamental principle that the Government of the United States was created for the protection and benefit of the people within our borders, we then must look to our Government for the relief and correction of any abuses which handicap and cause hardships in our social and economic conditions. Every sensible business man realizes the difficulties and obstacles which confront our legislators in the framing of a tariff bill, and is willing to admit that it is impossible to make perfect schedules, or, if seemingly perfect when made, in the course of a few years they require adjustment to meet changed conditions coming up in all kinds of business.

Having been a very careful student of the workings of the Dingley tariff duties on cotton yarns, owing to the fact that I have been charged more than any other man with the responsibility of the enactment of said duties, it was my original idea, and urged in every way possible, to have them incorporated both in the McKinley and Wilson acts by "assessing the duties upon the number of the yarns instead of

their value," as the number of the yarn with quality specified gives the correct basis for its valuation.

This has proved to be a practical and scientific system and has effectually prevented undervaluations, and the cotton-yarn industry of the United States has developed to a wonderful growth under the protection given it.

Mr. Dingley, when our committee waited upon him, recognized its principle at once, and said he knew of my efforts in the past to secure this system, that he was favorable to it, and would do all in his power to see it put into the new tariff act which he was preparing.

After a while the importer and the foreign manufacturer found a way to circumvent and get around the Government and our domestic spinners by importing instead of No. 80 yarn a No. 78 yarn. This, as you are well aware, brings the duty on the 78 in the one-fourth-cent classification instead of three-tenths, making a loss of 5 cents per pound to the Government on every pound of the 80 which has been imported as 78 during the past few years. It is a well-known fact that very few of the consumers are able to detect the difference between the No. 87 and the 80 yarn. By this subterfuge the domestic spinners have lost largely in spinning the 80 yarn under the present tariff.

Changes in cotton-yarn schedule: This now brings me to the point of the changes in the present schedule to meet the present existing conditions of the industry, all of which are most respectfully submitted to your honorable committee.

During the operation of the Dingley Act there has come upon the market what is termed "mercerizing and gassed yarns." This is a yarn finished by the process of mercerizing and gassing to imitate and take the place of silk. This is an English patent, and a few years ago was first imported into this country. Our consumers had to pay 40 cents per pound over the natural yarn for the mercerized gassed.

By domestic competition capital has been invested here in the States to do mercerizing and gassing, and the cost of this work has been brought down to 15 cents per pound for mercerizing and gassing. As these yarns have been largely imported, and in justice to the capital invested here, and to protect our domestic spinners, it seems wise now to make provisions in the schedule to have this class of yarns bear a duty greater than the natural yarns, and I would suggest that all mercerizing and gassed yarns bear a duty of four-tenths of a cent per number per pound.

I would also recommend that the classification of one-fourth cent per number per pound from the 20s up to and including 80s be changed as follows: One-fourth of a cent per number per pound for No. 20 to 60, inclusive, and the classification three-tenths of a cent per number per pound be changed to No. 60s and above—to bear three-tenths of a cent instead of No. 80s and above.

SIX-CORD THREAD YARNS.

Under the Dingley Act an unusual opportunity was given to our American spinners to manufacture 6-cord thread yarns, known as "spool cottons." This has been entirely neglected, and I speak from the standpoint of actual knowledge of the spinning of cotton yarns here

in America that you can not place an order to-day with any domestic spinner for 6-cord thread yarns suitable for spool cotton. Why? The manufacturer of this particular quality requires a great deal of experience—must be made by skilled labor and old, experienced manufacturers. Our spinners here do not want this business and will not make this class of yarn, preferring to manufacture the ordinary 2, 3, and 4 ply yarns, which do not require the perfection in their manufacture as do the 6-cord thread yarns for spool cotton. These yarns now are made exclusively by English spinners and by the English and American thread syndicates. The thread syndicates do their own spinning, both in England and America, and finish their own yarns, giving them practical control of this industry of spool cotton. As you are aware, they have entered into a combination both in England and America, making the consumers pay exorbitant rates for spool cotton, being an unnecessary tax upon every household, as common 6-cord spool cotton sells to-day for 6 cents per spool. It can be manufactured at a profit for 4 cents per spool. I would therefore recommend that section 303 be changed so as to admit of the importation of the 6-cord thread yearns. My reason for so doing is this: There are several independent finishing thread concerns who would like to import the 6-cord thread yarns and do the finishing here. If this can be done, it would also interest more capital in the business for finishing thread yarns. The effect would be, in my mind, a great benefit to the consumers of spool cottons and quite a revenue to the Government, and no injustice would be done our domestic spinners. The change I suggest would be that the 6-cord yarns other than spool cotton, now finished on small spools and tubes, the same be allowed to come in in the natural yarn in the form of hanks or skeins in bulk, also on tubes, spools, and cones in the natural, 12 ounces or over on each spool, tube, or cone, and pay a duty of three-tenths of a cent per pound per number. With these changes, as suggested above, the American spinners would have all the protection which is necessary for the industry; and I do not think it would be wise to increase the duties on common yarns or upon yarns from 20s up to 60s, inclusive, or to increase the duties on yarns upon 80s and above as now levied under the Dingley tariff act.

Trusting that these changes will receive your approval, I remain,

Yours, sincerely,

Arnold B. Sanford,
President and Manager
American Cotton Yarn Exchange.

JULIUS BRANDES MANUFACTURING COMPANY, PATERSON, N. J., OBJECT TO SUGGESTED RATES ON COTTON YARNS.

Paterson, N. J., *December 8, 1908.*

Hon. S. E. Payne,
Chariman Ways and Means Committee,
Washington, D. C.

Dear Sir: In the matter of the revision of the tariff on cotton yarns, we notice from the daily papers that the domestic yarn spinners have submitted a proposition to increase the tariff on gray yarns

as follows: 20/2 ply to 50/2 ply to three-tenths cent, and 50/2 and upward to four-tenths cent a number per pound, and if gassed or mercerized an additional one-tenth cent a number per pound. This would be equivalent to an advance of about 40 per cent on the tariff rates now existing.

We use cotton yarn in the above numbers quite extensively—in the raw—in our business, and the proposed rates, if they become a law, would be prohibitive for us in the manufacture of a number of articles which we make for the notion trade, in that the higher rates in duties would necessarily have to be followed by an advance in the price of the manufactured article, an advance which would prohibit the sale thereof.

It has always been our aim to give preference to our home articles, but there are certain bindings for the construction of which it is absolutely necessary to use imported yarns in order to enable us, as manufacturers, to compete with the fabric made abroad.

If the proposed rates of duty should become effective, we would have to give up making that class of binding, because the woven fabric can still be imported at a price lower—if only a fraction lower—than we can produce it here. Permit us therefore to enter our protest against any increase of existing duties on cotton yarn.

Respectfully,

JULIUS BRANDES MANUFACTURING COMPANY,
JULIUS BRANDES, *President.*

HOSIERY.

HON. JOSEPH G. CANNON, M. C., SUBMITS LETTER OF THE PARAMOUNT KNITTING COMPANY, CHICAGO, ILL.

CHICAGO, *December 16, 1908.*

Hon. JOSEPH CANNON,
House of Representatives, Washington, D. C.

DEAR SIR: We write you in regard to the tariff on hosiery made on knitting machines. We may consistently consider this as a new industry, and the encouragement by the tariff on these articles as given the American mechanics and inventors has been very great. The manufacturer has not had time to profit by these inventions, by reason of the fact that he has been compelled to discard his old machines about every five years and replace with new equipment of more recent invention, thereby absorbing his profit.

Japan and India have and are starting in where we are to-day, and the extremely low prices of their operatives would put us out of business unless a protection is given that will preserve our manufactures. We do not see how any reduction can or should be made on hosiery classified Schedule No. 1, Cotton Manufactures, and designated under that head as hosiery made on knitting machines. We would request that you use your best efforts to retain this tariff as it now exists.

Respectfully, yours,

PARAMOUNT KNITTING COMPANY,
Per W. E. CLARKE, *Secretary.*

SHIRTS.

HUTCHINSON, PIERCE & CO., NEW YORK CITY, STATE THAT PRESENT DUTY ON SHIRTS IS NECESSARY.

WASHINGTON, D. C., *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee.

DEAR MR. PAYNE: Inclosed please find letter to myself, and also copy of letter to Senator Morgan G. Bulkeley, concerning the ready-made shirt industry.

Very truly, yours. E. J. HILL

NEW YORK, *December 14, 1908.*

Hon. E. J. HILL,
House of Representatives, Washington, D. C.

DEAR MR. HILL: I am not informed as to whether there is any agitation on foot to lower the tariff on imported shirts and other garments such as we manufacture, but if there is any likelihood of such legislation being enacted we should esteem it a favor if you would kindly inform us.

Our Bridgeport mills are in full operation, giving employment to a great many hands and, we believe, at a fair rate of wages, and our particular industry is one that in our opinion certainly requires the present tariff.

The shirt business is not a trust, but is conducted by a great many independent manufacturers all over this country; and the result is that the average American citizen can buy, ready made, a far better shirt, and at a very moderate price, than ever before in this country.

Senator Bulkeley wrote us last September as to our views, which we gave him in the letter of which I inclose copy. This letter shows how we look at the question, and we will not take up your time by going into the matter any further.

We should like to say, in closing, that the cost of labor on such goods as we manufacture is very large, and is practically the main cost, so that anything that tends to reduce the rate of wages paid would be extremely harmful, we think, to the many people who now make their livelihood in our industry.

Thanking you for your attention, and for a reply at your convenience, I remain,

Very truly, yours, HUTCHINSON, PIERCE & CO.,
GEORGE S. BROWN, *President.*

NEW YORK, *September 4, 1908.*

Hon. MORGAN G. BULKELEY, U. S. S.,
Hartford, Conn.

DEAR SENATOR: In reply to your circular would say that the many questions you ask, if answered properly, would not have the attention they deserve in the small space given, and they are too far-reaching in their results for us to attempt to answer them offhand.

We think the prime factor in all tariff discussions should be carefully considered, and that is, the great difference in wages paid in Europe and in this country. If the employees in this country would be willing to work for the same schedule of wages paid abroad, we think that most manufacturers would be perfectly willing to have the entire tariff abolished, as far as their interest is concerned.

We are not only employers of labor, but we are also purchasers of material that we use in manufacturing our garments, and as we purchase both at home and abroad, we are in a position to know something about the values of certain fabrics in both countries, and we say, unhesitatingly, that if the tariff was materially reduced on certain grades of woven fabrics the imported fabrics would certainly either drive out the domestic to a large extent or else compel the American manufacturers to reduce their labor scale to the wages paid abroad.

We do think that if any revision of the tariff is made it should be made by those who are familiar with the lines upon which the tariff revision is talked of, and that it should not be revised by those who are not familiar with both sides of the question. The writer thinks that one indisputable fact remains, and, of course, it might be said that it is a selfish way to look at it, but most people are selfish, and most countries are selfish, as far as their own interests are concerned, and it is certainly an undisputed fact that a vast majority of citizens in the United States have enjoyed greater prosperity and have earned more money as a whole under the protective tariff than at any other time in the history of this country.

Very truly, yours,

Hutchinson, Pierce & Co.,
George S. Brown, *President.*

HON. WILLIAM HUGHES, M. C., SUBMITS LETTER OF THE MANHATTAN SHIRT COMPANY, PATERSON, N. J., RELATIVE TO SHIRTS.

Paterson, N. J., *December 14, 1908.*

Hon. William Hughes,
Member of Congress, Washington, D. C.

Dear Sir: In regard to the tariff question up now before the Committee of Ways and Means, we take the liberty of addressing you in regard thereto as far as appertains to the question of shirts.

The undersigned has spoken in regard to this matter with several other shirt manufacturers, and we concluded best for the present to write to our Representatives in Congress and ask their advice what is best to do in the matter. We would suggest for the present, if not asking too much of you, to find out, if you can do it, of the Ways and Means Committee whether anything has been proposed touching our line of goods; and if so, kindly let us know.

We do not ask anything in particular, but what we do ask is that the tariff as it now exists remain in statu quo, as any revision in this line would certainly do us harm and no one any good.

I will take pleasure when you come home next week to talk this matter over with you further. In the meanwhile before you come

home, if you can look this up for us, whether there is anything before the Ways and Means Committee appertaining to shirts, kindly do so and much oblige,

Yours, truly,

THE MANHATTAN SHIRT CO.,
Per LEWIS LEVI, *President.*

DECEMBER 17, 1908.

Hon. WILLIAM HUGHES, M. C.,
House of Representatives, Washington, D. C.

DEAR SIR: Yours of the 16th instant received, and I will file the communication as requested. A brief on the subject of shirts was filed in behalf of the manufacturers of Troy, N. Y., and was published in print No. 33, at page 4853, and I am sending you herewith a copy of the same.

Very truly, yours,

——— ———, *Clerk.*

LADIES' COTTON GLOVES.

AMERICAN MANUFACTURERS SUBMIT COMPARISONS OF FOREIGN AND DOMESTIC COSTS IN THE MANUFACTURE OF COTTON GLOVES.

WASHINGTON, D. C., *December 10, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Comparative cost of ladies' cotton gloves sold at wholesale at $1.50 to $1.75 per dozen pairs, made of No. 80 combed yarn, weighing 8 ounces per dozen pairs:

	Germany.	United States.
Yarn	$0.28	$0.40
Other material	.15	.25
Wages	.25	.95
Mill expenses	.12	.15
	.80	1.75

	Cents.
Difference in cost	95
Duty collected	40

Comparative cost of a lady's lisle glove, sold at wholesale at about $2.50 to $2.75 per dozen pairs, made out of 160/2 lisle yarn, weighing about 10 ounces per dozen pairs:

	Germany.	United States.
Yarn	$0.60	$0.90
Other material	.20	.30
Wages	.35	1.35
Mill expenses	.20	.25
	1.35	2.70

Difference in cost	$1.35
Duty collected	.68

Cotton gloves are now classed as cotton wearing apparel, and are assessed under paragraph 314 of the Dingley Act.

Inasmuch as the present rate of 50 per cent ad valorem is absolutely inadequate, and inasmuch as the law about to be framed is supposed to protect American industries to the extent of the difference between the American and the foreign cost (to say nothing of a margin of profit), we respectfully ask that your committee fix a rate of duty on cotton gloves that will make it possible for us to get at least a share of the American trade, and that will put us on a competitive basis with the European mills, who are now monopolizing this particular industry. With this end in view, we would suggest that cotton gloves be taken out of their present classification and made dutiable under a new paragraph, to read as follows:

Gloves and mittens, including those commercially known as "fabric gloves," composed of cotton or other vegetable fiber, finished or unfinished, valued at not more than one dollar per dozen pairs, eighty cents per dozen pairs; valued at more than one dollar and not more than one dollar and fifty cents per dozen pairs, one dollar per dozen pairs; valued at more than one dollar and fifty cents per dozen pairs and not more than two dollars per dozen pairs, one dollar and fifty cents per dozen pairs; valued at more than two dollars per dozen pairs and not more than three dollars per dozen pairs, two dollars per dozen pairs; valued at more than three dollars per dozen pairs, eighty per centum ad valorem.

The above to be the minimum rates, and the maximum rate to be 20 per cent ad valorem in addition to all the foregoing.

Most respectfully submitted.

NIAGARA SILK MILLS,
By J. S. SHANAHAN, *President*,
North Tonawanda, N. Y.

CLARK TEXTILE CO.,
By J. H. CLARK, *President*,
Saratoga, N. Y.

THE GLOVERSVILLE SILK MILLS,
By ALBERT M. BANKER, *President*,
Gloversville, N. Y.

TRIMMINGS AND BRAIDS.

NEW YORK, *December 2, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: We, as manufacturers, are particularly interested in the articles named in paragraph 339, trimmings and braids "composed wholly or in chief value of cotton."

The duty of 60 per cent is now applied to these goods. While sufficient on the lower grades to permit of their profitable manufacture here, we find it very hard to compete with higher grades on imported goods, and we should like to be heard specifically if the opportunity is afforded us.

We might further suggest in order to clarify the articles—braids—that the words "fancy woven braids and tapes" be inserted in this

paragraph in addition, for the importers have instituted several suits against the Government in this connection.

Yours, very truly,

SANFORD NARROW FABRIC CO.,
CHAS. S. KING, *President.*

UNION TOWELS AND CRASHES.

THE LOWELL (MASS.) TEXTILE COMPANY ASKS FOR MARGIN BETWEEN ITS FINISHED PRODUCT AND YARNS.

LOWELL, MASS., *December 9, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Our business is the manufacture of union towels and crashes. Our raw material consists of medium-size cotton yarns and linen yarns from No. 7 to No. 25. There is a duty of 45 per cent on the linen yarns and a duty of 45 per cent on our finished goods. If this margin on union goods is in any way made less, it will be fatal to us.

We are at present unable to compete with the foreign manufacturers on the all-linen goods, the duty on which is 50 per cent.

In order to protect what business we have we ask for a margin of 5 per cent to 10 per cent on the union goods, and in order to endeavor to get business in the all-linen field we ask for a difference of at least 20 per cent between the duty on linen yarns and the manufactured product.

These changes would put us on a fair competitive basis with the foreign manufacturers.

Very respectfully,

THE LOWELL TEXTILE CO.,
HAROLD SELFRIDGE,
Treasurer.

WEBBINGS AND LACES.

THE ANSONIA (CONN.) O. & C. COMPANY URGES RETENTION OF PRESENT DUTIES ON THESE AND SIMILAR ARTICLES.

ANSONIA, CONN., *December 19, 1908.*

Hon. EBENEZER J. HILL,
Ways and Means Committee, Washington, D. C.

DEAR SIR: As manufacturers of elastic webbing, beltings, lamp wicks, boot, shoe, and corset lacings, elastic cords, tapes, etc., we desire briefly to state our position regarding any possible revision of the present tariff on these goods now covered by Schedule I, paragraph 320; also Schedule L, paragraph 389.

Under the present tariff considerable quantities of the fine grades of goods are imported; consequently domestic production is confined chiefly to the coarse and cheaper grades.

Labor is a very large factor in the cheaper grades, and our domestic labor is double, and in some operations treble, that of foreign countries.

Any reduction in tariff would mean a corresponding reduction in wages or disaster to the industry here.

There is no trust, combination, or price agreement of any kind between domestic manufacturers of any of these goods, and, owing to peculiar conditions, none is practical.

Competition is keen and profits are small, running from 5 to 10 per cent, according to conditions. More specific information and detailed facts will be furnished if desired.

We strongly advise that no change be made in the present tariff on any of the above-mentioned goods.

Yours, truly,

THE ANSONIA O. & C. Co.,
A. T. TERRELL, *Secretary.*

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 43.

SATURDAY DECEMBER 26, 1908.

(APPENDIX.)

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

JOHN DALZELL.
SAMUEL W. McCALL.
EBENEZER J. HILL.
HENRY S. BOUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.
NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. POU.
CHOICE B. RANDELL.

WILLIAM K. PAYNE, *Clerk.*

APPENDIX.

SCHEDULE J.—FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

BURLAP.

J. ROSS COLLINS, IMPORTER, ADVOCATES A SPECIFIC DUTY OF ONE CENT PER POUND ON BURLAP.

NEW YORK, *December 11, 1908.*

SECRETARY TARIFF REVISION COMMITTEE,
Washington, D. C.

SIR: I have been an importer of burlap and a manufacturer of bags for the past twenty-one years.

I beg to submit that if there is any change in the schedule on burlap, holding to a duty, and not making the goods free, that the duty be made uniform at the rate of, say, 1 cent per pound, instead of at five-eighths of a cent per pound, and 15 per cent ad valorem, and I respectfully inclose letters from two Dundee exporters that this would be simple and uniform. Such a rate of duty would also do away completely with the vexatious problem of value of the goods at the time of export, which causes at times considerable loss to the innocent importer, for the reason that when an importer of burlap in this country buys goods at, let us say, 2 pence per yard in Calcutta, perhaps two or four months in advance of the date of shipment, making his contract for monthly shipments and basing his duty cost for his entire purchase (which he may have sold to a consumer here) upon the value at the time of the purchase, and the market advances, the ad valorem rate causes him a loss of the difference between his purchase price and the market price at the time the goods happen to be forwarded. On the other hand, if the market declines, the importer still has to pay his ad valorem duty upon his purchase price.

I do not believe that the Government means to be as "one-sided and unfair" in the collection of duties as this, and that such a state of affairs merely requires the attention of an unprejudiced committee like yourselves to be rectified. The simplest way of rectifying it is to collect duty by the pound. The bales are weighed here on the dock, verifying the weights of the goods as stated on the outside of each bale, which weights are again stated on the consular invoices, and this would entirely do away with the ad valorem unfairness.

Personally, and as a bag manufacturer, the writer is in favor of free trade on burlap and a duty on manufactured bags. The great bulk of burlap now comes from India, where labor is worth on an average about 20 cents per day. The wider and finer grades are made in Dundee, where average mill labor is about 70 cents per day. No jute is grown in America, and it is quite impossible for labor conditions in this country at present to get down to a basis where they can compete with such wages. If the duty upon manufactured bags

is kept where it is at present, or is put to a uniform price of, say, 2 cents per pound, while burlap is put on the free list, without wearying your board with statistics, I can state that the cost of flour to every consumer in the country could be reduced one one-hundred-and-twentieth of a cent a pound, and the farming community would be greatly benefited, because all the bags that move produce throughout the country would be cheaper; fertilizer bags would be cheaper—burlap used in wrapping furniture would be cheaper—and no American industry would be hurt, because we do not make burlap in this country. In fact, on the contrary, it has been my invariable experience that the cheaper an article is the more it is consumed, and if bags were cheaper through burlap being free, more people would be employed in this country making them, provided that the duty upon new bags and second-hand bags imported to this country is sufficient to keep them out. Millions and millions of second-hand bags are brought back to this country now, employing thousands of people in Europe, gathering, repairing, baling, and shipping them back here. They should not come here. We should be making those new bags in this country and paying those wages here. There would be more benefit in the payment of the wages and in the employment of the people than in the collection of the duty, and if the revenues of the country will stand it, in my opinion, burlap is one of the items that should be restored to the free list, as it was at the time of the Cleveland administration, always provided, however, that the new and second hand bags are made dutiable. And I am not a Democrat.

Permit me to add one more fact: Porto Rico, now one of ourselves, and Cuba, with a reciprocal duty in our favor (and which will very likely become one of ourselves), use between them about 10,000,000 of very fine large heavy sacks for exporting sugar. India gets all that trade, and yet Cuba and Porto Rico are at our doors. Those bags are made by hand, and thousands of people are employed making them every year.

The collection of a duty upon bags in this country and Porto Rico, and the enforcement of the present duty in Cuba, with the reciprocity clause favoring us here in Cuba, and the admission to this country of those goods made in India just the same, but brought here free, would probably start a bag factory in Porto Rico and one or two in Cuba with American money, or, if not there, would start several bag factories in this country making this one kind of bag in particular for the West Indies trade.

Respectfully, J. ROSS COLLINS, *Importer.*

EXHIBIT A.

DUNDEE, *November 27, 1908.*

Mr. J. ROSS COLLINS, *New York.*

DEAR SIR: We are very glad to hear that there is a probability of making the rate on burlaps 1 cent per pound, doing away with the ad valorem duty. This certainly would be great saving of details and ought to facilitate business considerably.

We sincerely hope the proposal will go through.

Yours, very truly,

J. MOLLISON KIDD & CO.

EXHIBIT B.

DUNDEE, *November 24, 1908.*

JAMES ROSS COLLINS, Esq.,
New York.

DEAR SIR: Your favors of 16th with acceptance, for which we are obliged.

We presume it is not the consular invoice which you desire in triplicate, but our trade "Statement," and we send you two more copies of the last. The customs have to do only with the consulated invoice.

We certainly agree with you as to the simplicity and advantages generally of a uniform duty of 1 cent per pound on burlaps and no ad valorem duty. Some importers who are in the lower class end, such as Calcutta burlaps and cheap baggings, might be placed at a disadvantage as against dealers in finer sorts. For instance, you can get 10½-ounce/40 burlaps ordinary at about 2 pence, whereas fine C quality might run to 4½ pence per yard. Both would pay the same duty under the method you propose.

We have added 1,000 yards to your order, as desired.

Yours, truly,

W. G. IRVING & Co.

EXHIBIT C.

[Duplicate.]

DUNDEE, *November 18, 1908.*

Jas. Ross Collins, esq., New York, to W. G. Irving & Co. Forwarded per Anchor Line S. S. California to New York. Freight paid. Terms, as usual.

C B C	No. 810, 1 bale, 14 pcs. 40″ No. 7660 C canvas,	2870 at 4.$\frac{5}{16}$ d.	£51	11	5
Great Britain.	No. 811, 1 bale, 14 pcs. 24″ do	2893 2.$\frac{13}{16}$ d.	33	18	1
			85	9	6
2 per cent discount			1	14	2
			83	15	4
Consul, 10/4; stamp, 1/–; collecting, 6/4				17	8
			84	13	0

	Gross weight.	Tare.	Meast.
No. 810	cwt. 21 3 19.	28 lbs.	48/2″
No. 811	cwt. 13 1 3.	16 lbs.	27/4″

E. & O. E.

Exhibit D.

[Triplicate.]

Dundee, *November 18, 1908.*

Jas. Ross Collins, esq., New York, to W. G. Irving & Co. Forwarded per Anchor Line S. S. California to New York. Freight paid. Terms as usual.

O B O No. 810, 1 bale, 14 pcs. 40″ No. 7660 C Canvas, 2870, at 4.$\frac{5}{16}$d.	£51	11	5
Great Britain. No. 811, 1 bale, 14 pcs. 24″ No. 7660 C Canvas, 2893, at 2.$\frac{15}{16}$d.	33	18	1
	85	9	6
2 per cent discount	1	14	2
	83	15	4
Consul 10/4; stamp 1/–; collecting 6/4		17	8
	84	13	0

	Gross weight.			Tare.	Meast.
No. 810	Cwt. 21	3	19	28 lbs.	48/2″
No. 811	Cwt. 13	1	3	16 lbs.	27/4″

E. & O. E.

LACES.

I. A. LAHEY & SONS, NEW YORK CITY, RECOMMEND A REDUCTION OF DUTY ON LACES.

New York, *December 18, 1908.*

Hon. S. E. Payne, *Washington, D. C.*

Dear Sir: We beg to offer a few suggestions for compiling the tariff, and trust that they will receive favorable notice.

We consider the duty of 60 per cent on laces enormous and trust that the duty will be reduced considerably. The most feasible way, if ad valorem duties are to continue, would be to reduce the duty, perhaps, 5 per cent semiannually. By such methods the holders of stocks here would not sustain such heavy losses. We trust that duties on hand-made laces may be reduced at once and believe that if the goods were admitted at a duty of 20 per cent the revenue derived from these goods would far exceed what the Government has received for years, as it is conceded that the bulk of these goods are smuggled, 60 per cent duty being a great incentive. Real laces, or what are known as "hand-made" laces on cushions, etc.—great values of these can be put in a very small space.

Our Mr. I. A. Lahey has been in the lace trade since 1854.

Respectfully, yours,

I. A. Lahey & Sons.

LACES AND EMBROIDERIES.

AMERICAN MANUFACTURERS OF WOMEN'S WEAR ASK FOR REDUCTION OF DUTIES ON ARTICLES USED.

NEW YORK, *December 18, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.

DEAR SIR: Inclosed please find a petition of manufacturers of women's, misses', children's, and infants' underwear, waists, dresses, corsets, hats, caps, aprons, etc., of the United States of America, in behalf of a reduced tariff on laces and embroideries, which is respectfully submitted for the valued consideration of the honorable Committee on Ways and Means.

Very truly, yours,

NEWMARK BROS. & SALZMAN,
FRED NEWMARK.

DECEMBER 18, 1908.

COMMITTEE ON WAYS AND MEANS, *Washington, D. C.*

GENTLEMEN: The petition of the undersigned manufacturers of the United States, engaged in the manufacture of women's, misses', children's, and infants' underwear, dresses, waists, corsets, hats, caps, aprons, etc., employing many thousands of skilled operators, respectfully present to the honorable Committee on Ways and Means of the House of Representatives as follows:

The manufacturers of such underwear, waists, dresses, corsets, hats, aprons, etc., throughout the United States, in connection with the manufacture thereof, use large quantities of trimmings, such as laces and embroideries, the character, pattern, and shape of which constitute them as an essential and important portion of the raw material used in the manufacture of these garments. One of the principal features of this manufacture is the application of such trimmings to the garments, necessitating the employment of skilled labor. A very large proportion of such labor in these industries is engaged in the application of these trimmings to the garments.

We therefore submit to the consideration of the honorable committee the fact that the larger the quantity of trimmings used in such application in the manufacture of such garments, the larger must necessarily be the number of skilled employees engaged in such production.

In the opinion of the undersigned, the present excessive high tariff so enhances the cost of laces and embroideries that as a result it materially restricts their use in the manufacture of such garments, and as a consequence the number of skilled hands employed in the manufacture of the aforesaid garments is greatly reduced.

In the many years during which the manufacture of laces and embroideries in this country has been protected by a high tariff the production of such laces and embroideries used in the manufacture of the aforesaid garments has been negligible in quantity and largely of a very inferior quality.

In order to overcome the excessive tariff upon laces and embroideries, it has been necessary for the importers of these trimmings to supply an inferior grade of goods, made especially for the American market, to be used in the production of garments that can be sold to the masses at popular prices.

We firmly believe that a lower tariff on these trimmings will bring them into larger use for the manufacture of popular-priced garments, and thus give employment to a greater number of skilled hands.

The undersigned confidently anticipate, from the rapid growth in the last few years of the manufacture in this country of the garments referred to, that if the tariff on laces and embroideries should be considerably reduced the use of them would be increased to such an extent that the revenue to the Government from their importation would exceed in amount that which is now derived under the present high tariff.

The excessive duty on this class of trimmings greatly restricts the export to foreign countries of the class of goods manufactured by the petitioners. The undersigned manufacturers of women's, misses', children's and infants' underwear, waists, dresses, corsets, hats, caps, aprons, etc., further believe that the artistic character of such goods manufactured in this country is superior to that of garments of similar nature manufactured in other countries. These garments are composed of cotton material, the cotton of which is grown in this country, the cloth woven, the thread spun, and the buttons manufactured here, and added to these advantages are the more up-to-date and superior methods of manufacture. It is therefore believed that with a lower tariff on trimmings the American manufacturers of such garments will be enabled to eventually compete with the foreign manufacturers and obtain an outlet in every civilized country of the world.

It is respectfully submitted that in the opinion of the undersigned a duty upon such trimmings should not exceed 30 per cent ad valorem.

The undersigned manufacturers have joined in this petition and sign their names hereto and set opposite their names their addresses and the number of their employees.

Dated December 12, 1908.

All of which is respectfully submitted.

Firm name.	Address.	Number of employees.
The A. H. Jackson Manufacturing Co., by A. H. Jackson, president.	Fremont, Ohio	1,000
M. Martin & Co., by J. L. Hollander, president, and H. S. Martin, vice-president and treasurer.	New York	3,000
The Lisau Ladies Underwear Manufacturing Co., by Herman Brill.	do	500
Sondheim, Stein & Co., by S. Sondheim	do	450
A. S. Isuson	do	500
Adelson & Simon	do	500
Newmark Bros. & Salzman	do	750
A. Sern & Bros		250
Mitchell & Kronenberg Co., by J. Mitchell, president	200½ and 202 Greene st., N. Y.	350
Prince & Co., by Z. Prince	Southeast corner Eighth and St. Charles streets, St. Louis, Mo.	250
Olian Bros. & Co., by Leslie Olian	717 Lucas avenue	
Monarch Waist Co., by L. H. Weil	St. Louis, Mo	
High Art Waist Co., by Max S. Mayer, president	do	
Schwadz & Wild, by Schwadz		
Ferguson McKinney Dry Goods Co., by Rhowlin Carey	St. Louis, Mo	

Firm name.	Address.	Number of employees.
Bregstein, Simon & Co., by Benj. Bregstein	Brooklyn, N. Y	50
M. Dornbusch & Co., by M. Dornbusch		25
K. A. Feore & Co., by L. F. T. Feore		80
M. H. Horowitz Sons, by Julius Horowitz	119 Spring street	30
Levi Bros., by Joe B. Levi	120 Wooster street	50
Grossman & Hecht, by Herman S. Hecht	73-5 W. Houston	60
MasRoevitz & Hecht, by E. MasRoevitz	50 W. Houston street	60
L. Herman & Co., by J. A. Herman	51 Greene street	65
Julius Sonn & Co., by Julius Sonn	451 East 11th street, N. Y	200
M. Lewis, by M. Lewis	131 Canal street	50
L. Braun & Co	Pittsburg, Pa	75
M. Weisman & Son	New York	150
Rosen Brothers	do	125
Phil G. Heen & Sons		150
H. H. Hamilton & Co		125
S. N. Beck & Co., by A. W. Wolf	New York	300
Samuel Heller & Co., by Samuel Heller, president	do	100
Queen Manufacturing Co., by Max Kuller	do	25
Fuld Bros., by Jonas Fuld	do	100
Joseph Wien	do	150
Schlaug & Fringston, by H. Schlaug	do	150
Samuel Corn	do	60
Reliance Waist Co., by Samuel Halperin	do	200
J. Rosenband & Co	do	40
L. S. Henthal & Bro		90
S. Mayer & Sons		120
Brown & Co., by Jacob Brown	New York	75
Robert Bernhard & Co., by Robert Bernhard & Co	do	100
Rosenthal Bros. Co	do	500
Henry Cohen Co., by Max Cohen	do	80
Propp & Gerrick, by I. E. Gerrick	do	150
Lay & Way Co., by H. Ashmore, secretary	do	200
Sturm, Eisendrath Co., by Louis Eisendrath president	Chicago, Ill	2,200
Kreis & Hubbard, by A. Kreis, president	do	40
E. Lowitz & Co., by C. A. Shipley	do	100
Hugo Der Brock & Co., by A. Levi	do	125
Gage-Downs Co., by W. Lehman, president	do	
Gory & Helle, by I. G. Helle	do	160
Countess Waist Co., by A. D. Riehey	do	100
D. Schwartz, manufacturer of skirts	do	75
Chicago Muslin Underwear Co., by J. V. Zuiswanger, president	do	
Oshkosh Muslin Underwear Co., by Sol Kingsbaker, secretary	Oshkosh, Wis	115
R. Kushbaum & Son, by B. W. Kushbaum	Indianapolis, Ind	300
Gem Garment Co., per C. W. S. Cole	do	225
Gustave S. Roth, by Gustave S. Roth	16 East Broadway, New York.	140
Randell Underwear Co., by Louis Roth	49 East Broadway, New York.	160
Rosenberg & Z. Zuckerman, by H. Zuckerman	64 Grand street, New York	206
Gutman Bros., by L. Gutman	New York	105
Emanuel Kohn & Co., by Eph. Kohn	do	40
A. Solomon, by A. Solomon	73-75 West Houston street, New York.	75
Cerf & Bros., by J. Cerf	56-58 West Twenty-second street, New York.	75
The Lady Ware Co., by W. Simon	119 West Twenty-third street, New York.	175
Ratner Bros., by Aaron Ratner	New York	300
Birkenfeld, Strauss & Co., by Henry M. Strauss	61-67 Wooster street, N. Y	850
Cogswell & Boulter Co., by Geo. H. Jacobs	Newark, N. J	500
Isaac & George Co., by Joseph J. George	Worcester, Mass	75
S. Seder & Bro., by J. S. Seder	do	125
Worcester Muslin Underwear Co., D. Pobolinski & Sons, proprietors, by Luis Pobolinski.	do	175
Green & Green Co., by Harry S. Green, treasurer	do	250
The Belle Waist Co., by Rich. W. Sawyer, president	Boston, Mass	105
Myer Rosenfield, by G. L. Rosenfield	do	250
J. Gordon & Co., by J. Gordon, proprietor	19 Columbia street, Boston, Mass.	35
J. W. Frederick & Co., by S. P. Moorhouse	Boston, Mass	200
Fairmount Manufacturing Co., by Wm. G. Nunn, treasurer	Hyde Park, Mass	125
Standard Manufacturing Co., by Joseph P. Morse, treasurer	77 Bedford street, Boston, Mass.	500
Brown Durrell Co., by T. B. Fitzpatrick	Boston, Mass	60
Whitall Manufacturing Co., by Albert L. Paul	Lowell, Mass	250
Russ, Eveleth & Ingalls Co., by J. Frank Russ	Boston, Mass	500
Kingston Bustle Co., by H. Soloman	do	25
Davis Frank & Co., by Davis Frank	do	150
Hub Wrapper Manufacturing Co., by H. Cohen	65 Essex street, Boston	75
Wm. H. Burns Co., by Wesley L. Kendall, treasurer	Worcester, Mass	800
The Gillette Skirt Co., by N. H. Gillette, president	Cortland, N. Y	75

Firm name.	Address.	Number of employees.
The Columbia Skirt Co., by N. H. Gillette, president	395 Broadway, New York	30
The New York Skirt Co., by H. R. Gillette	Cortland, N. Y	75
Wertheimer & Co., by Jos. Wertheimer	Philadelphia, Pa	145
Kauffman & Harris, by Louis Kauffman	do	400
Stynson Bros., by Louis Stynson	do	150
A. Rosenblatt & Son, by A. Rosenblatt	do	175
M. Frank & Co., by A. T. Frank	do	175
Julius Biron Co., by A. Biron	do	150
Kotlarsky Bros., by Sam'l Kotlarsky	do	250
Rosen Bros., by Joseph Rosen	do	150
I. Reinish & Son, by Jacob C. Reinish	do	100
Rand Bros., by Jacob Uhr	do	275
Gartenlaub & Rand, by I. Gartenlaub	do	100
Benj. Tuck & Son	1304 Arch street	150
M. Busch	Philadelphia	300
H. C. Feld & Co., by Chas. Feld	do	150
Moldawer & Mulgrim Co., by Wm. Moldawer	do	800
The Union Novelty Mfg. Co., by Louis Eichberg		100
Kaufman & Rubin, by Moses Faustmann	Philadelphia	400
Stone Bros. & Co., by Morris Stone	do	150
I. Brod & Co., by Israel Brod	do	250
Karpf & Weiner, by Louis Karpf	do	150
Lanio & Lareson, by N. Lanio	do	300
Richmond Underwear Co., by J. S. Baker, president	Richmond, Vt	300
Galland Brothers, by Geo. Galland, secretary	Wilkes-Barre, Pa	500
Dornheimer Bros	New York	75
Baker Underwear Co., by Chas. Mitchell, vice-president	Peekskill	400
Franklin Manufacturing Co., by Israel Franklin		34
Simon Stearns & Co	New York	1,500
Whitehead & Asiel	do	140
D. E. Sicherd Co	do	4,000
Isaac Hirsch & Son Co	do	150
Nat. Levy & Co	do	300
Bijou Waist Co	New York City	600
Sol. Gross & Co., by D. L. Davis	do	750
Triangle Waist Co	New York	2,500
Hammer & Kahary	do	300
S. Citron & Co	do	150
Hudson Valley Muslin Underwear Co., by W. H. Knapp, president	Poughkeepsie, N. Y	150
Chas. Sandberg & Bro., by A. Sandberg	129–133 Wooster street, New York.	150
Lewis Bros., by Henry I. Lewis	New York City	400
D. Rosenberg & Co	do	450
Saml. M. Foster Co., by F. L. Toft, secretary and manager	Fort Wayne, Ind	275
Paragon Manufacturing Co., by M. C. Macdougal	do	
John Wiederhold & Co., by John Wiederhold	Schenectady, N. Y	250
Empire Mfg. Co., by Harry Goldstein	New York	150
Imperial Underwear Co., by Ely Crawford, treasurer	Scranton, Pa	
The C. C. Anderson Manufacturing Co., by W. J. Ford, assistant manager.	Fostoria, Ohio	425
The Morgan Anderson Co., by J. C. Anderson, secretary	Toledo, Ohio	100
Perfection Shirt Waist Co., by C. F. Weller, manager	do	300
The Daniels Co., by Wm. Cohen	Cleveland, Ohio	100
The Chenery Manufacturing Co., by Willis M. Chenery, president	Portland, Me	115
Edwards Manufacturing Co., by W. A. Edwards, president	Clinton, Iowa	65
The Emsheimer Fishel Co., by D. E. Emsheimer	Cleveland, Ohio	300
Weinberg, Matnick & Co., by Philip Weinberg	33 West Seventeenth street, New York City.	150
George Lewis	Chicago, Ill	
Standard Manufacturing Co., by E. J. Ryerson, vice-president	Jackson, and Grand Rapids, Mich.	650
Progress Manufacturing Co., by K. Benter, manager	Jackson, Mich	25
R. G. Valentine & Co., by R. G. Valentine	do	15
E. S. Bowman Co., by E. S. Bowman	do	110
Jackson Corset Co., by C. H. Tompkins, general manager	do	275
McGee Bros. Co., by A. M. McGee, secretery	do	100
Convent Corset Co., by I. J. Weeks	do	150
H. Silverman & Co., by H. Silverman	Brooklyn, N. Y	80
Arlington Underwear Co., by Wm. Guinzburg, president		60
H. Spozerman, by H. Spozerman	New York, N. Y	60
Crescent Underwear Co., by Louis Hollander	do	50
Neugass Bros., by William Neugass	576 Broadway	100
The Gotham Waist Co., by Henry M. Rosenbaum, secretary	430 Broome street	40
Katz Underwear Co., by Leo Levy	Honesdale, Pa	150
Peerless Manufacturing Co., by F. W. Cutting, president	Newport, N. H	500

[Telegram.]

NEW YORK, *December 19, 1908.*

COMMITTEE ON WAYS AND MEANS:

Please add to petition mailed yesterday Newbauer Brothers and E. Friedlander & Sons, San Francisco; Peerless Manufacturing Company, Newport; N. H. Katz Underwear Company, Honesdale, Pa.; H. Silverman & Co., Arlington Underwear Company, H. Spozerman, Crescent Underwear Company, Newgass Brothers, Gotham Waist Company, New York City, employing over 1,000 hands. Original signatures mailed.

NEWMARK BROS. & SALZMAN.

LACE AND EMBROIDERY IMPORTERS' ASSOCIATION, NEW YORK, FILE SUPPLEMENTAL BRIEF ASKING FOR REDUCTION OF DUTY.

NEW YORK CITY, *December 15, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We respectfully submit a brief on behalf of the Lace and Embroidery Importers' Association, of the city of New York, an association of 48 firms representing over 90 per cent of the importation of this class of articles at the port of New York.

On Monday, November 30, 1908, we submitted through our counsel some suggestions looking to a reduction of the tariff on these articles from 60 per cent (the rate now in force) to 50 per cent. We desire in this brief to supplement the suggestions then made and to furnish some further information on the subject, which we hope may be useful to the committee in its deliberations.

In presenting these matters we shall take up laces and embroideries separately, but it is proper to note at the outset that there are laces embroidered on the embroidery machine procured in Plauen, Saxony, St. Gall, Switzerland, and to a moderate though constantly increasing extent in Caudry, St. Quentin, and other villages in the north of France.

LACES.

Real or hand-made laces are the product of individual skill and the making of them is a distinct home industry, restricted to many small villages in various European countries, each having its own individuality as to the species, the style, and the quality of the lace made. This industry is the result of centuries of training and development; the women engaged in it are mostly peasants who work in the fields during the spring and summer and in the winter time are satisfied to earn from 15 to 25 cents per day making the most delicate laces.

The industry was on the point of dying out when a few years ago the governments of the various countries took hold of it, established training schools, and by various other devices made a successful effort to revive it.

Nothing like it exists in this country, nor can such an industry be established here, no matter to what exorbitant rate the duty may be

raised. It is not a question of protecting a home industry, but every element is absent which goes toward establishing and fostering such an industry.

A high rate of duty on real handmade laces which are indeed luxuries works as much mischief in the way of smuggling as it does on high class jewelry and precious stones. A few yards of handmade lace, priceless in value can easily be concealed about the person or sewed to garments, brought in free as personal effects, and it is a well-known fact among importers and retailers that with the growth of European travel the sale of real laces over the counter has been steadily diminishing, notwithstanding the great prosperity up to within a year ago and the large use which real laces have found in the various creations of fashion.

Machine-made laces are a distinctly different article, and their general use in the manufacture of women's wearing apparel has made them an article of necessity in contrast to handmade laces, which are a luxury. By far the greater proportion, we should say almost three-fourths of the laces imported into this country, are the product of power looms, called "leaver's machines," and are manufactured in Nottingham and Calais, where they are procured by actual purchase at prices fixed by the manufacturers, including a profit, which varies according to whether the article is of staple character, such as Valenciennes, Torchons, and other cotton laces, or whether they are in the nature of a novelty, subject to rapid changes of fashion and therefore subject also to greater depreciation.

There are at the present time in the cities of Nottingham and Calais and the surrounding districts, at a conservative estimate, about 7,000 of these Leaver machines, as compared with an estimated total of about 200 in this country. These machines are manufactured almost exclusively in Nottingham (a small proportion also in Calais). They are not and can not be manufactured here, being covered by innumerable patents, and the secrets of their construction are most jealously guarded by less than half a dozen manufacturing concerns engaged in the building of these lace machines.

An up-to-date lace machine costs in Nottingham about £1,200, or $6,000. With the cost of transportation, duty at 45 per cent, and expenses in putting it into operation its cost here is almost doubled. The estimated production of a lace machine of modern construction, making a medium quality of goods, is about $20,000 per annum. It therefore requires considerable capital to establish a fair-sized factory in this country, and this, in addition to the almost total absence of skilled labor, and the difficulties encountered in the bleaching, dyeing, and finishing of such a delicate fabric as a lace has undoubtedly been the principal reason why under a highly protective tariff the industry has not made greater progress in this country. Furthermore, it is a well-known fact that the fashion has favored the use of machine-made lace only during the last ten years. The production of Valenciennes laces, one of the principal trimmings entering into the manufacture of women's wearing apparel, has increased enormously.

The statistics of the consular office in Calais, where these laces are chiefly manufactured, show an increase in the exportation to this country alone to nearly $18,000,000, as compared with about $5,000,000 seven or eight years ago. A similar increase is shown in

Nottingham. Hand in hand with this increased production came an enormous demand for machinery in foreign factories, so that the makers of lace machines for a number of years past could not supply the home demand. Constant improvements in the construction, and more particularly the increase in the size of the machines, resulting in almost doubling their capacity without any material increase in the cost of labor, have been in progress all this time, and have revolutionized the manufacture of machine-made laces.

Of the machines existing in this country at the present time, those of the antiquated size and construction are therefore severely handicapped and almost useless, while those of modern type and construction can and do produce goods which compete successfully with the imported goods and even undersell the latter, as will be shown by the exhibits herewith filed.

Now, as to the question why, notwithstanding their ability to undersell the foreign goods, the proportion of the goods manufactured in this country is not larger than it is, we respectfully submit that this is no argument in favor of the maintenance of the present rate of duty, for if 200 machines in the United States can undersell the product of the 7,000 machines in the foreign markets, how much more so will 2,000 machines be able to do it, once they are established in this country; and they will be established, whether the duty is reduced to 50 per cent or not, for the industry is growing and will continue to grow, irrespective of tariff

As for the question of protection to home labor, there is practically no difference between the wages earned by the operator in this country and by the operators in Nottingham and Calais.

Both are paid according to the work produced, and the twist hand or lace operator in Nottingham or Calais earns from $15 to $25 per week, working eight hours per day. The schedule of wages is exactly the same here as abroad, and it is a fact that the union of lace operators here is a branch of the Nottingham union.

Up to the present the manufacturers in this country have been engaged entirely in the making of imitations of imported patterns. They pay nothing for designing, drafting, and other incidental expenses incurred in the creation of new patterns, and they thus save a material element in the cost of production.

They take no risks of failure of a new style, but copy the goods after a large demand for them is established. These elements of cost which the foreign manufacturers have to pay for and on which as a part of his purchase price the importer pays a 60 per cent duty, will in a large measure explain why the exhibits submitted with this brief show such remarkable discrepancies between the prices of domestic manufacturers and the landing cost of the same identical pattern.

As to laces made on embroidery machines, the same are treated under the heading of embroideries.

EMBROIDERIES.

This class of goods is manufactured largely for export to the United States in St. Gall, Switzerland, and in Plauen, Saxony. Some of the higher grade of these goods, especially those embroidered with silk, might properly be considered as luxuries, but the great bulk of the importations are articles which are in such general use

by all classes of people, that while they might not be termed strict necessities, such as hosiery or cheap clothing, they can not, in the now commonly accepted use of the term, be considered as luxuries; for they are worn by all classes of people from the humblest to the most wealthy, the difference being simply one of grade. A moderate reduction of duties on these articles would so increase the volume of imports as to offset the decrease in rate and produce increased revenue, without, as will be presently shown, so injuring the domestic industry as to prevent its growth and development. The manufacturer who appeared before the committee (Mr. A. H. Kursheedt, Tariff Hearings, p. 2911) advocated an increase in the duty to 75 per cent. In one part of his statement he seems to suggest this increase only on fine grades, but in another part he states "Cn cheaper goods there will certainly be a lowering of the prices." There is no question about that, that on the cheaper goods there would be a lowering of prices, because there would be more domestic competition. It would seem from this that he advocates an increase of 75 per cent on all grades of embroideries. This is a higher duty than has ever been levied on this class of goods, and it seems to us would undoubtedly tend to decrease the revenues besides increasing the cost of these articles to the consumer. The industry in this country is not sufficiently developed to supply the demand, nor is it likely to be so for a great many years to come, and a rate of duty so high will undoubtedly reduce the volume of imports and thereby decrease the revenues. It will be many years before the domestic manufacturer can be supplied with the machinery and the trained labor necessary to develop this industry.

Another manufacturer (Mr. A. P. Traber) representing, as he stated, the Lace and Embroidery Manufacturers' Association of the United States, suggested an increase of the duty on these articles to substantially from 80 to 100 per cent ad valorem. On a foreign pattern costing $5.62 abroad he proposed to levy a specific duty of $1.75 in addition to an ad valorem duty of 50 per cent. On a pattern costing $3.97 abroad he proposed to add a specific duty of $2.10 in addition to an ad valorem duty of 50 per cent. We do not see how such enormous increases in the duties on these articles can be justified, or how it can be supposed that their effect will be otherwise than to seriously curtail the importation of these articles, and in many cases to be practically prohibitory.

For the purpose of showing how the rates proposed in Mr. Traber's statement above referred to (p. 2908–2909) would apply to imported embroidery as compared with the corresponding article of domestic manufacture, we submit a calculation (Exhibit A) in which we have adopted their figures for the various items of manufacturing cost, except that we put the value of the cloth at 11 cents a yard instead of at 13½ cents, as they have done. The price they give for cloth is exorbitant, and the price we have submitted is a very liberal price for the quality of goods. We apply these figures to a sample of embroidery illustrated by Mr. W. A. Graham Clark's report to the Department of Commerce and Labor on Swiss embroidery and the lace industry. (See Mr. Clark's report, p. 25, pattern designated as fig. 4.) From this calculation it appears that the landed cost of this article under the existing rate of duty designated in the exhibit as per schedule would be $7.90. Under the rates of duty proposed by

Mr. Traber it would be $9.16. According to Mr. Traber's own figures as to items of cost, allowing the manufacturer 10 per cent for expenses, the cost of this article here, if imported yarn were used in its manufacture, would be $7.69, while if domestic yarn, which is cheaper, were used it would be $7.12, so that not only can the article be made here for prices lower than the same article can now be landed on the basis of the present duty, but the price at which they can be made here is from 20 to 25 per cent less than what it would cost to land them if the rates were made 50 per cent and one-fifth of a cent per hundred stitches, as suggested by Mr. Traber.

We also submit (Exhibit B) certain calculations of the relative cost in Switzerland and in the United States of the same pattern, taken from Mr. Clark's report, changing only two items of cost as to the domestic goods; namely, the cloth, which does not cost what they claim it does, and the yarn, which, if they use domestic yarn, is cheaper than foreign yarn.

Calculation No. 1 shows that if we adopt their own prices for labor here, allowing them 12½ per cent for expenses, they can make these goods here for 14 cents less than the price at which the foreign goods could be landed at 50 per cent duty.

Calculation No. 2 is based not on the price they give for labor, but with an allowance to them of 100 per cent over the foreign cost of labor, and this shows that upon that basis they could make these goods here for $1.22 less than the price at which the foreign goods could be landed at 50 per cent duty.

Calculation No. 3 is based on an allowance to them of 125 per cent over the cost of the labor in Switzerland, and this shows that on that basis they could make the goods here for 95 cents less than the price at which the foreign goods could be landed at 50 per cent duty.

We also submit, as Exhibit C, a table showing as to 12 different samples of ordinary staple goods; the amount of duties now paid on such goods under the existing 60 per cent duty; the amount which would have to be paid if the recommendation of the Lace Manufacturers' Association, as expressed by Mr. Traber, were adopted; and the equivalent ad valorem rate upon the St. Gall cost, which the compound duties proposed by Mr. Traber would involve. With the table we give the samples of the goods with the pattern numbers as given in the table. These figures show that on schiffle-cambric edgings the duties, according to the schedule proposed by Mr. Traber, would vary from 83 per cent minimum to 104 per cent maximum, and that edgings and insertings made on the regular Swiss embroidery machine, the rates would vary from 122 per cent minimum to 152 per cent maximum. Certainly no reason has been furnished by the Lace Manufacturers' Association or by anybody else for the supposition that these rates would not be prohibitory of importation and entail enormous decreases in the revenue.

It will be noted by an examination of the diagrams contained on pages 24 and 26 of Mr. Clark's report that the cost of stitching these goods constitutes considerably less than half of their value.

These goods are largely used as the raw material for manufactures of underwear and articles of wearing apparel in the United States. A reduction of the duty on the embroidery, which will enable them to buy them cheaper, will enable them to sell their finished

product cheaper to the consumer, and thus at the same time stimulate the demand for embroidery and embroidered wearing apparel.

Under the existing rate of duty the manufacturers in this country are underselling the imported goods to a substantial extent. In support of this proposition we submit Exhibit D, which contains a large number of letters from mercantile houses stating, in reply to inquiries, why they do not buy the imported goods.

As Exhibit E we submit a number of patterns showing the price at which certain imported laces and embroideries can be landed here duty paid, and the price at which corresponding articles are sold by the domestic manufacturer.

LACE AND EMBROIDERY IMPORTERS' ASSOCIATION,
RAY MUSER, *President.*

W. WICKHAM SMITH,
Counsel.

LINEN MESH CLOTH AND UNDERWEAR.

THE LINEN UNDERWEAR COMPANY, GREENWICH, N. Y., FILES SUPPLEMENTAL BRIEF RELATIVE TO FOREIGN WAGES.

GREENWICH, N. Y., *December 10, 1908.*

The WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: In filing this supplemental brief on the subject of increased duties on linen mesh cloth and linen mesh underwear, we beg to state that wages paid employees in America and foreign countries compare as follows:

Average wages of men, women, girls, and boys paid in our factory is 17.3 cents per hour, and we are informed that similar hands are paid in Germany 7 cents, in England 8 cents, in Sweden 6 cents, and in Denmark about 6 cents per hour for the same kind of work. We also use linen cloth and laces for trimmings which bear duties varying from 35 to 60 per cent ad valorem, and which comprise a considerable part of the cost of product.

One of the principal items in developing linen underwear business is the cost of advertising, and all the foreign houses advertise their products liberally, because they have a considerable margin between the cost of goods with duty added and their selling price, whereas none of the American mills, owing to the higher cost of their products, are able to advertise, or those American mills who have followed the lead of the foreign house in advertising have failed or suspended business. We do not ask that these foreign houses be penalized for advertising, but that our business be protected by adequate duties, so that we can afford to advertise as foreigners do and still pay the higher American wages.

We have been operating since 1903, but in that time have paid only one dividend, that being 5 per cent, and although our mills are well built, equipped with the most modern machinery, and operated by skilled hands, yet we can not increase our product owing to the lower selling prices of foreign mills.

We further state that ten or eleven American mills manufacturing cotton and woolen underwear have tried the making of linen underwear

owing to the increasing demand for it, and although these factories are leaders and successful mills in their own products they gave up their endeavors to make linen underwear owing to inability to compete with foreign mills who do not pay the American rate of wages.

We therefore earnestly hope that a sufficient duty will be placed on this article of luxury so that it can be manufactured in part at home, and thus in time lessen the foreign import price.

Yours, very respectfully,

THE LINEN UNDERWEAR CO.,
By LE ROY THOMPSON, *President.*

LINEN THREAD.

WILLIAM BARBOUR, THE LINEN THREAD COMPANY, NEW YORK CITY, WRITES RELATIVE TO POSSIBLE JAPANESE COMPETITION.

NEW YORK, *December 11, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR CONGRESSMAN PAYNE: I trust when Schedule J is being considered by your committee that you will bear in mind the fact that there is a concern in Japan, known as the Japanese Flax Manufacturing Company, with a capital of £600,000, controlling some 25,000 acres where flax is cultivated; and that this concern have 18 flax scutching mills of their own. We have only recently met with competition on the Pacific coast from this source, and I can not say, at the moment, that it is competition we are anxious about, but it might be very serious, as the Japanese have very cheap wages, as you know, and it is one additional thought in connection with the protection we ask.

Very truly, yours,

WM. BARBOUR.

THE ROCHESTER (N. Y.) THREAD COMPANY FILES SUPPLEMENTAL STATEMENT RELATIVE TO LINEN THREADS, TWINES, AND CORDS.

ROCHESTER, N. Y., *December 10, 1908.*

CHAIRMAN OF WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.:

We desire to take this opportunity of answering the argument made by Mr. George F. Smith on behalf of the spinners of flax, hemp, and jute. Mr. Smith recommended that paragraph 330, Schedule J, be changed to read as follows:

> Threads, twines, or cords made from yarn not finer than five lea or number, ten cents per pound.
>
> If made from yarn finer than five lea or number, thirteen cents per pound and three-fourths cent per pound additional for every lea or number in excess of five.

In other words, Mr. Smith wishes the tariff which applies to linen thread to be left as it was before. We can see very good reasons why Mr. Smith and the mills he represented should be perfectly satisfied

with the tariff as it is. It has enabled them to shut out almost entirely foreign competition, and in addition it has helped them to form what is known as "the linen thread trust," which is a combination of five of the largest mills in the United States. The fact that Mr. Smith, who presumably represents an independent mill—Smith & Dove, of Andover, Mass.—made the argument for the trust would show that there is a working agreement between them.

Out of 24 mills signing the statement there are only 7 making linen thread and the rest manufacture coarse twines.

The latter part of paragraph 330 does not apply to them at all.

In speaking of competition from abroad Mr. Smith said this was in Nos. 14, 16, 18, 20, and 25, but he failed to state that fully two-thirds of the importations in these numbers are brought in by the Linen Thread Company from one of their Scotch mills, so that the figures do not represent competition with the trust as far as outside importers are concerned.

One of the mills in the combination, W. & J. Knox, of Kilburne, Scotland, has a trade in the United States amounting to about $150,000 per year, and this must be deducted from the total importations which Mr. Smith gave as about $200,000 or $300,000.

As we have before stated, linen thread has advanced without any cause three times in the last two years, so that it is now at the highest figure it has ever reached. Mr. Smith's reason for not wishing free raw material is because the combination is satisfied to let well enough alone. They had no objection to two of their workmen appearing before your committee to ask for an advance on hackled flax, so that the workingman might derive some benefit from the advance in the tariff. To the outsider it would seem as though with free raw material the spinners would be in a position to satisfy the desires of these workmen for a slightly increased wage, and it is certain that your committee would do no injury to the farmer on this side, as flax has never been raised satisfactorily for fiber on this side and it is not likely it ever will be.

Mr. Smith stated that the total business in linen thread was $2,500,000 per year, but we are of the opinion that he understated the figures. The output of the mills is as follows: Barbour's Flax Spinning Company, $1,500,000; Finlayson's Flax Spinning Company, $750,000; Marshall Company, $700,000; Dunbarton Flax Spinning Company, $400,000; Boston Thread and Twine Company, $250,000; and if the output of Smith & Dove is added to this, viz, $600,000, it will be seen that the total is well up to $5,000,000.

Mr. Smith admits competition of about $300,000 per year and after we have deducted the amount sent in by W. & J. Knox to the combination we find that about $150,000 remains, which is sold by the importers, and we think this is a very small amount.

Mr. Smith said the manufacturers were satisfied to let the present tariff, which he says is equal to 33.66 per cent, remain as it is. We suggest that your committee reduce this to 20 per cent or 25 per cent ad valorem, so as to give at least the opportunity for more active competition.

If it is necessary to make a similar statement under oath before your committee, we will be glad to appear before you.

ROCHESTER THREAD CO.
ROBERT CROTHERS.

LIGHT-WEIGHT LINENS.

F. W. THOMSON, BOSTON, THINKS ANY INCREASE OF DUTY ON SHEETINGS AND LAWNS WOULD BE PROHIBITIVE.

BOSTON, *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR SIR: A rumor is current, possibly having no foundation in fact, but one that is given some credence, that certain cotton manufacturers have been asking your committee for a higher rate of duty on certain light-weight linen goods—for an increase in the tariff above the 35 per cent now paid. (Schedule J, p. 346.)

The goods under consideration—all linen fabrics weighing less than 4½ ounces to the square yard, and counting over 100 threads to the square inch—include plain linen sheetings, lawns, etc.—staple fabrics.

If the cotton manufacturers require protection against those linen goods in excess of the 35 per cent tax already imposed, one might naturally infer that they are seeking a prohibitive duty—a tariff for protection only, and not for revenue.

If these cotton men have been asking for this increase we think that the country at large would be enlightened by hearing the reasons for this necessity. If they have not, a word to that effect from your honorable body would clear them of the charge that they are seeking more than a 35 per cent protection of their business—against linen goods which can not be made in this country.

F. W. THOMSON.

OILCLOTHS.

SUPPLEMENTAL BRIEF FILED BY W. WICKHAM SMITH, NEW YORK CITY, FOR IMPORTERS OF THESE GOODS.

NEW YORK CITY, *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: On Monday, November 30, 1908, I had the honor of presenting some suggestions to the committee as to the duty upon oilcloths, linoleum, and cork carpets. I appeared for the importers of these articles at the port of New York.

Immediately after I had been heard by the committee, one of the leading manufacturers, Mr. Henry A. Potter, of New York City, made some suggestions on behalf of the American manufacturers. In view of his statements I beg leave to submit a supplemental brief on this subject.

Mr. Potter suggested two important changes in the existing law, namely:

First. That the dividing line as to width between the oilcloths and linoleums which should pay 8 cents a square yard and 15 per cent ad valorem, and those which should pay 20 cents per square yard and 20 per cent ad valorem should be 7 feet instead of 12 feet.

Second. That all oilcloths, or other floor coverings, the composition of which forms designs or patterns, whether inlaid or otherwise, and whether known as inlaid granite, plank linoleum, or cork carpet, or by any other name, should pay 20 cents per square yard and 20 per cent ad valorem.

The suggestion of the manufacturer as to width is most unreasonable. Even the existing law on this question of width is unreasonable, and the reason why a most vigorous protest was not made against it at the time it was enacted was because the making of wider linoleum was a comparatively infant industry in this country in 1897, and although the difference in rate was regarded as excessive the importers, for the reason given, did not see fit to contest the manufacturers' position. To renew the suggestion at the present time, however, and to suggest changing the dividing line from 12 to 7 feet is a policy which can not be defended. As we have already shown, the manufacturers control 90 per cent of the business (Mr. Potter admits they have 80 per cent), and they have the whole market on cheap grades of oilcloth used by the poorer classes, for the present duty is prohibitory. Every manufacturer of oilcloth and linoleum in this country is now equipped with machinery to make goods wider than 6 feet. The difference in cost in making the wider goods is only about 2 or 2½ cents a square yard, because they have to use the wider burlaps which cost the extra amount of 2 to 2½ cents a square yard. The proportionate expense of labor is less on the 12-foot goods than on the 6-foot goods, as it is more economical at the factories to turn out one roll 12 feet wide than two rolls 6 feet wide. It means less handling, less packing, and less everything. To cover this increased cost of 2½ cents the manufacturers are asking for a difference of 12 cents a square yard and 5 per cent ad valorem. If the duty on burlaps should be reduced, or burlaps should be put on the free list, the duty on these articles should be proportionately reduced.

It should be further noted that the very heavy proposed increase on linoleum over 7 feet wide will not merely injure the business of dealing in wide linoleum, but will also very seriously cripple the business of dealing in linoleum less than 7 feet in width. The goods are produced in the same quality and pattern and are used together. Dealers buy both widths, as it is sometimes economical to use a piece of wide width and a piece of narrow width together instead of having to cut into two pieces of the wide width. A manufacturer making only 6-foot wide goods is unable to compete successfully with the manufacturer making both widths. As the large trade, particularly in the Western States, is done in carload lots, the manufacturer who can supply both widths gets the business. If the importers are compelled to pay the duty of 20 cents a square yard and 20 per cent ad valorem on all oilcloths and linoleums 7 feet wide and over, it means that they will not only be absolutely effectively barred from importing a yard of oilcloth or linoleum wider than 6 feet, but being unable to supply those widths they will lose a large proportion of their business on the 6-foot goods. Experience has shown that it is impossible to sell any considerable quantity of 6-foot wide plain or printed linoleums over a large section of the United States where wide goods are in demand, unless the seller can also supply 6-foot wide goods, for the reason that the trade must have similar patterns of printed, or colors of plain, linoleum of both widths to lay side by side in rooms of large

dimensions. The 12-foot wide linoleums are becoming so universally used with, or instead of, the 6-foot wide goods, that no importer could interest the larger handlers of these goods in any of his qualities unless he was able to offer 12-foot wide goods. The adoption by Congress of the language proposed by the manufacturers, as represented by Mr. Potter, would therefore deal a crushing blow to the importing industry, which, as has been already shown, now constitutes about 10 per cent as the importers allege, or 20 per cent as the manufacturers concede, of the entire business of the country.

Equally unreasonable is the suggestion that figured linoleums, such as granites and oak planks, should be subjected to the high duties laid on inlaid linoleums. The courts have held both in Boston and New York that these goods belong in the class with plain linoleums and not in the class with inlaid linoleums. In the litigations it was shown that it cost more to make inlaid linoleum than to make plain linoleum, but that it does not cost any more to make granite and oak-plank linoleums than it does to make the plain goods. That this evidence was true is indicated by the fact (which can not be denied) that the domestic manufacturers sell these goods at the same price as the plain linoleums of the same thickness. Inlaid linoleums are made on very costly and intricate machinery, which is not used for the manufacture of granite and oak-plank linoleums. The manufacturers need no protection on granite and oak-plank linoleums greater than that which they have on plain linoleums, and their asking for it is simply an effort to bar out these imported articles, absolutely control the output, increase the prices, and thus at one and the same time diminish the revenues of the Government and add an increased burden on the consumer.

One of the unreasonable concessions which the manufacturers obtained in 1897, and which they now ask to have renewed, is the imposition of the higher duty on cork carpets. Cork carpet is nothing but a linoleum under another name, being composed of the same ingredients. The only difference is in the treatment of the raw materials in the making up of the cloth, but there is no difference in the cost of production. There are three grades of cork carpet known to the trade—A, B, and C. The effect of the discrimination in the present law has been to absolutely bar out two of these qualities, B and C, and to greatly restrict the importation of the quality A. This unnecessary and unjust concession to the domestic manufacturers should be corrected in the new law by putting cork carpet in the same classification with plain linoleum.

Mr. Potter states (p. 2862) that "the American manufacturers have been and are contributing more than their proportion of support to the United States Government." As a reason for this claim he states in the next sentence but one that "the importers of oilcloth and linoleum paid in duties during the year 1907 a million and a quarter of dollars." The only theory on which Mr. Potter's argument can be considered as logical is that the manufacturers have contributed more than their proportion of support to the Government because they have made the importers pay a million and a quarter dollars duty.

Mr. Potter states (p. 2863) that the duty is not excessive, as is shown by the revenue derived on this product by the Government from the imports. We have already shown that the excessive duty

has been found to be prohibitory and has barred out all cheap grades of oilcloths and certain grades of cork carpet, which, under a reasonable tariff, would be imported and increase the revenues.

It will be seen by Mr. Potter's statement (p. 2866) that he admits that the domestic manufacturers control 80 per cent of the market (we claim it is 90 per cent) and that he admits that the tax is harder on the man of moderate means and the poor man than it is on the richer, on the quality of goods he uses. These two admissions seem to us to convincingly prove that there is something wrong in the present situation, which the domestic manufacturers now propose to change for the worse.

I beg to submit as an exhibit a table showing the extent to which the imported article undersells the foreign product. The figures are based on the foreign price of one of the leading importers of this city.

W. WICKHAM SMITH.

EXHIBIT A.

Eight cents per square yard and 15 per cent ad valorem schedule compared with similar grades of British manufacture.

FLOOR OILCLOTHS.

Article.	Nairn.	Dunn.	Potter.	Blabon.	Sampson.	American.
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
Floor oil:						
No. 1 grade	34	34	33	28	32½	34
Less 35, 5, and 4 per cent	13.84					
	20.16					
No. 2 grade	31	31	31½	26	....	31
Less 35 5, and 4 per cent	12.61					
	18.39					
No. 3 grade	29.50	29½	29	24	....	29½
Less 35, 5, and 4 per cent	12.01					
	17.49					

Imported article, British make.	Net British price.	Duty per square yard.	Landed cost.	Percentage of duty to British cost.	Net difference in price per yard in favor of American makers.
	Cents.	*Cents.*	*Cents.*	*Per cent.*	*Cents.*
E floorcloth, 10¾d. less 10 and 2½ per cent	18.88	10.83	29.71	57.04	9.55
A floorcloth, 9¾d. less 10 and 2½ per cent	17.12	10.57	27.69	60.17	9.30
O floorcloth, 8¾d. less 10 and 2½ per cent	15.14	10.27	25.41	66	8

NOTE.—Blabon's list is on a 25 per cent discount schedule. All these makes, while the list may vary somewhat, *net* substantially alike.

Eight cents per square yard and 15 per cent ad valorem schedule compared with similar grades of British manufacture—Continued.

PRINTED LINOLEUMS.

Article.	Potter. Price.	Potter. Less discounts.	Potter. Net.
	Cents.	*Cents.*	*Cents.*
C quality 8/4	65	26.46	38.54
C quality 16/4	75	30.54	44.46
D quality 8/4	51	20.77	30.23
D quality 16/4	61	24.84	36.16
E quality 8/4	45	18.32	26.68
E quality 16/4			

Imported article, British make (11′ 11″).	Net British price.	Duty per square yard.	Landed cost.	Percentage of duty to British cost.	Net difference in price in favor of American makers per square yard.
	Cents.	*Cents.*	*Cents.*	*Per cent.*	*Cents.*
C quality 8/4, 1/7 } 10 per cent and 2½ per cent	33.34	13.00	46.34	39	7.80
C quality 16/4, 1/9½ }	37.74	13.66	51.40	36	6.94
E quality 8/4, 1/3 } 10 per cent and 2½ per cent	26.32	11.95	38.27	41.60	8.04
E quality 16/4, 1/5¼ }	30.72	12.61	43.33	40	7.17
X quality 8/4, 1/1¼ } 10 per cent and 2½ per cent	23.26	11.48	34.74	49	8.06
X quality 16/4, 1/1¾ }	27.66	12.14	39.80	44	(a)

a Not made by American makers, yet they undersell the importers on the higher grade D.

GRANITES AND OAK PLANKS.

Article.	Potter.[a]	Wild.	Nairn.	Trenton.	Farr & Bailey.
	Cents.		*Cents.*	*Cents.*	
Granite	85		75	75	(b)
Less 35, 5, and 4 per cent	34.61		30.54	30.54	(b)
Nets	50.39		44.46	44.46	(b)
Oak plank			75		75
Less 35, 5, and 4 per cent			28.20		28.20
Nets			46.80		46.80

Imported article, British manufacture.	Net British price in cents.	Duty per square yard.	Landed cost.	Percentage of duty to British cost.	Net difference in price in favor of American makers, per square yard.
	Cents.	*Cents.*	*Cents.*	*Per cent.*	*Cents.*
B granite (litigated), 1/8d. less 10 and 2½ per cent [c]	35.10	13.27	48.37	37.80	3.91
Oak plank (litigated), 2/3d. less 25 and 2½ per cent [c]	39.50	13.93	53.43	35.26	6.63

a Potter's granite is considerably heavier than other makes.
b Same as Nairn Company.
c Even at the lower duty rate (8 and 15 per cent) the domestic makers are able to undersell the importers.

Eight cents per square yard and 15 per cent ad valorem schedule compared with similar grades of British manufacture—Continued.

PLAIN LINOLEUMS.

Article.	Potter.[a]		Wild.	Nairn.		Trenton.	Farr & Bailey.	
	Price.	Net.	Price.	Price.	Net.	Price, net.	Price.	Net.
	Cents.	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*	*Cents.*
¼-inch "battleship"				95	77½			
A grade 8/4	82½	48.91	82½	82½		82½	82½	48.97
A grade 16/4	92½	54.84	92½	92½		92½	92½	54.84
B grade 8/4	72½	42.98	75	72½		72½	72½	42.98
B grade 16/4	82½	48.91	85	82½		82½	82½	48.91
C grade 8/4	60	35.57	62½	60		60	60	35.57
C grade 16/4	70	41.50	72½	70		70	70	41.50
D grade 8/4	51	30.24	54	51		51	51	30.24
D grade 16/4	61	36.16	64	61		61	61	36.16

Imported article, British manufacture.	Net British price in cents.	Duty per square yard.	Landed cost.	Percentage of duty to British cost.	Net difference in price in favor of American makers, per square yard.
	Cents.	*Cents.*	*Cents.*	*Per cent.*	*Cents.*
¼-inch thick "battleship," 3/6 d. less 10 and 2½ per cent	74.59	19.18	93.77	25.50	16.27
A quality 8/4, 2/3½ } less 10 and 2½ per cent.	51.02	15.75	66.77	31	17.86
A quality 16/4, 2/6 }	55.29	16.29	71.58	29	16.74
B quality 8/4, 1/11½ } less 10 and 2½ per cent	43.00	14.45	57.45	33½	14.47
B quality 16/4, 2/2 }	47.39	15.11	62.50	32	13.59
C quality 8/4, 1/5½ } less 10 and 2½ per cent	31.59	12.86	44.33	40½	8.76
C quality 16/4, 1/8 }	35.98	13.40	49.38	37½	7.88
E quality 8/4, 1/2½ } less 10 and 2½ per cent	26.33	11.95	38.28	45	8.04
E quality 16/4, 1/5 }	30.71	12.60	43.31	41	7.15

Twenty cents per square yard and 20 per cent ad valorem schedule, compared with equivalent grades of British manufacture.

INLAIDS AND CORK CARPETS.

Article.	Potter make.	Wild make.	Nairn make.	Trenton make.
A grade, inlaid	$1.35	$1.50	$1.10	$1.10
Less 35, 5, and 4 per cent	.5545	.6107	.4479	.4479
Nets	.7955	.8893	.6521	.6521
B grade, inlaid	1.15		1.05	1.05
Less 35, 5, and 4 per cent	.4683		.4275	.4275
Nets	.6817		.6225	.6225
C grade, inlaid			.95	.95
Less 35, 5, and 4 per cent			.3869	.3869
Nets			.5631	.5631
Cork carpet, A grade	1.20	1.25	1.05	1.20
Less 35, 5, and 4 per cent	.4886	.5090	[a] .3948	.4886
Nets	.7114	.7410	.6552	.7114
Cork carpet, B grade			.90	1.05
Less 35, 5, and 4 per cent			[a] .3442	.4275
Nets			.5558	.6225
Cork carpet, C grade[b]				

[a] 35 per cent and 4 per cent. [b] Not made in the United States.

Twenty cents per square yard and 20 per cent ad valorem schedule, compared with equivalent grades of British manufacture —Continued.

Imported article, British make.	Net British price.	Duty per square yard (20 cents and 20 per cent).	Landed cost.	Percentage of duty to British cost.	Net difference in price per square yard in favor of American makers.
	Cents.	*Cents.*	*Cents.*	*Per cent.*	*Cents.*
A grade, inlaid, 3s. 6d. less 25 and 2½ per cent	62	32.40	94.40	52.25	[a] 16.50
B grade, inlaid, 3s. less 25 and 2½ per cent	52.64	30.53	83.17	58	[a] 17.96
C grade, inlaid, 2s. 6d. less 25 and 2½ per cent	43.88	28.78	72.66	65.59	[a] 16.35
Cork carpet, A quality (¼-inch), average 2s. 8d. less 10 and 2½ per cent	56.16	31.23	87.39	55.60	17.14
Cork carpet, B quality, average 2s. less 10 and 2½ per cent	42.12	28.42	70.54	67.47	11.89
Cork carpet, C quality, average 1s. 10d. less 10 and 2½ per cent	38.60	27.72	66.32	70	([b])

[a] Average. [b] Not made in the United States.

Note that Nairn's B grade inlaid is heavier than imported A quality and their A grade is little or no heavier than B grade, the former being special tile patterns only, thus accounting for difference in price.

TOW OF FLAX.

HON. JOHN J. ESCH, M. C., SUBMITS BRIEF IN ADVOCACY OF REMOVAL OF DUTY ON THIS ARTICLE.

WASHINGTON, *December 21, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR SIR: In lieu of a hearing I herewith submit some data gathered by me with reference to the present tariff on tow of flax of $20 per ton (item 326, Schedule J, flax, hemp, and jute, and manufactures of, act approved July 24, 1897).

I also wish to submit a letter of Hon. O. H. Ingram, of Eau Claire, Wis., president of the Eau Claire Linen Company, of Eau Claire, Wis., urging the repeal of the above tariff.

I herewith inclose the letter of Hon. O. P. Austin, Chief Bureau of Statistics, Department of Commerce and Labor, showing the values of the production of dressed flax for decennial periods beginning with 1880. From data furnished me by Mr. Austin I have drawn up a schedule showing the value and amount of importations of flax tow for the years 1903–1908, inclusive. This schedule also gives the amounts of duties derived from importations of flax tow for these several years, and also the average per unit of quantity, and the ad valorem rate of duty. I also submit a schedule of unmanufactured flax imported on the dutiable list.

I know of my own knowledge of some of the efforts which have been made by the officers of the Eau Claire Linen Company to use home-grown flax straw to provide the raw material for their mill. I

know that, notwithstanding the expenditure of thousands of dollars and the construction of a tow mill for the making of tow out of the home-grown flax, all their efforts have proved unsuccessful, and to meet competition they had to purchase tow imported from Russia, the result being that the imposition of the duty of 1 cent a pound has rendered it difficult, and at times seemingly impossible, for the industry to survive, and this, too, notwithstanding the mill is operated by water power.

As, according to the statement of the Bureau of Manufactures, over 25,000,000 bushels of flaxseed are annually produced in the United States, there must be an enormous production of flax straw, and with very little use made thereof, showing that the process of retting is too expensive to produce the home-grown raw material for the manufacture of linen and crashes.

I submit the within data for the careful consideration of your committee.

Yours, very truly, JOHN J. ESCH.

EXHIBIT A.

EAU CLAIRE, WIS., *December 10, 1908.*

Hon. JOHN J. ESCH, *Washington, D. C.*

MY DEAR MR. ESCH: I presume you knew before you were elected to Congress, if not, I presume you have before commencing on your congressional duties, found that you are liable to be called on by your constituents for all sorts of things that you know about, and perhaps for a good many things that you know nothing about. Now I being one of your constituents have thought in view of the fact that the committee who are at work trying to find out if there is any good reason why the tariff should not be reduced on certain things that are brought to this country, that I might put in a word for the duty now on tow.

Some of our people here in 1887 were led to believe that there was money in making crash and towels of linen and that the raw material could be grown here to do that kind of work and built a mill at that time. The mill has been running the most of the time since it was built but so far they have never been able to make any money; have generally come out just about even. No officer of the company has ever had one cent of salary for services connected with the work and they have never been able to declare a dividend. I think there could be a little money made if the tariff was removed on tow, which is the material we use here for making crash and towels. Cotton yarn is used for warp and linen for the filling generally in crash and towels. Sometimes they use the linen thread or yarn both for the warp and the filling. This crash and towels such as are made here are used largely by the farming and laboring communities, and sell for from 5 to 8 cents a yard according to the width of the crash. The toweling is sold usually by the piece and the price is governed by the width and length of them.

The tow and duty paid costs in New York generally 9 cents a pound and comes largely from Russia. If that duty was removed entirely our people think there would be a little margin in making crash and towels. As I understand it, the duty is 1 cent a pound.

We have been trying here for the past four or five years to raise flax for making crash and towels, but find it a very expensive experiment. In order to save the fine fiber of flax which is used for shoe strings and small twine, it is necessary to pull the flax by hand. We have tried cutting it with a small reaper, but find that we can not do that to advantage. In the old country where it is raised successfully, it is pulled by hand. That is done in order to keep the stem of flax straight. It is then bound in small bundles 6 or 7 inches in diameter, where the band goes around it, and it has to be thrashed by a special machine, passing the top end of the bundle between rollers that turn together. If it goes through the ordinary thrashing machine, it tangles up the fiber and breaks it up so that it is of no use for fine fiber or for tow, hence, the expense of pulling it by hand and retting it as has to be done by spreading it on the ground where it lays about ten days and is then turned over and remains on the ground or sod where it is usually spread for about ten days more. After that it is taken up and bound again and taken to the mill for thrashing and is thrashed out as stated above, with the band remaining on the bundle and the tops of the bundles passing between the rollers which takes the seed out. Where they are raising flax for the seed only they make no use of the straw. It is simply grown for the seed. There have been some attempts made to use the straw, but so far it has not been successful.

The cost of labor seems to prohibit the pulling of flax by hand as we have been trying to do, and our experiment so far has been a failure; that is, it costs more than we can afford to sell the output of the mill at prices we have to sell to compete with the foreign market. The duty on the tow to this country enables the foreign countries to ship it in here and keep the prices on the crash and towels so low that we are unable to compete.

I have been connected with this mill only about four or five years. I thought by growing flax here and pulling it and putting it through the process we have to for retting and thrashing that there could be crash and toweling made here so as to compete with the foreign-country shipments. Of course, 1 cent a pound seems a very small thing, and it is a small thing for the Government, but were it removed it would enable us here to continue to run this mill and have a small margin and employ a large amount of labor, both men and women.

I believe if you and Congressman Jenkins would take this matter up with the tariff committee, who are now in session, you could have that tariff removed on tow from foreign countries, especially from Russia, where nearly all of our tow comes from for doing this work. I will write to my friend, Congressman Jenkins, and ask him to render you such assistance as he can to help us out here so we can keep our mill running. With that tariff removed I would feel like putting up a large factory on our water power and do at least ten times as much as we are doing now. There used to be a good many linen mills running in Wisconsin, Michigan, Minnesota, and some on the west coast, but as I understand it nearly every one but the one here has made a failure of it and shut down. This mill here went into the hands of a receiver a few years ago when I took hold of it.

With the tariff removed, I feel confident it would be of very great benefit to this section of the State, especially to the farming and laboring classes. It may be I am asking too much of you, but I very

much hope you can take hold of this matter and that you can succeed in getting that tariff removed. Quite a number of your friends here are interested in this little mill and very likely some of them may write you in regard to it. Mr. Putnam has been connected with it during the time it has been built and he feels very sanguine that with the tariff removed we can continue to run this little mill and enlarge it as I have stated above.

I wish you would confer with Congressman Jenkins and try to enlist him with you in an effort to have this tariff on tow removed if you feel that you have the time to give to it.

I would be glad to hear from you and know how you feel about it.

With kind regards, I remain,

Very truly, yours, O. H. INGRAM.

EXHIBIT B.

DEPARTMENT OF COMMERCE AND LABOR,
BUREAU OF STATISTICS,
Washington, December 15, 1908.

Hon. JOHN S. ESCH, M. C.,
House of Representatives, Washington, D. C.

SIR: In response to your letter of the 14th instant, I inclose to you herewith pages from our reports showing the imports of tow or flax for consumption, with rate of duty and amounts of duty collected, during years ending June 30, from 1903 to 1908, inclusive. I also inclose page showing the imports of flax by countries for corresponding years, except that for 1908 only total transactions are given. As you will doubtless understand, the schedule by countries, "flax," embraces all the separate classes shown under that title in imports for consumption. A division of quantities into values for any year gives the annual average import price in foreign countries whence imported, as shown on the pages inclosed under "value per unit of quantity."

The abstract of the Twelfth Census gives values of the production of dressed flax as follows:

Census years.	Value.
1880	$1,310,231
1890	961,283
1900	158,650

I also observe a statement in the census report of 1900 that the production of flax fiber had declined to such an extent that no special effort was taken to collect statistics thereof at the census of that year. I will request the Bureau of Manufactures of this department to send you any consular information that it may have available with respect to flax in foreign countries.

Very truly, yours, O. P. AUSTIN,
Chief of Bureau.

Exhibit C.

Imports of flax tow, showing rate of duty, quantity, value, duties, average value per unit of quantity, and ad valorem rate of duty.

Year.	Rate of duty.	Quantity.	Value.	Duties.	Average.	
					Value per unit of quantity.	Ad valorum rate of duty.
	Per ton.	*Tons.*				
1903	$20	2,240.11	$392,815.00	$44,802.17	$175.36	$11.41
1904	20	2,736.42	450,521.00	54,728.23	164.64	12.15
1905	20	1,400.64	256,922.63	28,012.75	183.43	10.90
1906	20	1,825.81	309,505.00	36,516.05	169.52	11.80
1907	20	2,045.75	348,836.00	49,914.91	170.50	11.73
1908	20	1,994.79	315,137.00	39,895.84	157.98	12.66

Exhibit D.

Imports of merchandise—years ending June 30, 1903–1907.

FIBERS, VEGETABLE, AND TEXTILE GRASSES, AND MANUFACTURES OF, NOT ELSEWHERE SPECIFIED. UNMANUFACTURED.

FLAX. (*Dutiable.*)

Imported from—	1903.	1904.	1905.	1906.	1907.
Europe:	*Tons.*	*Tons.*	*Tons.*	*Tons.*	*Tons.*
Austria-Hungary			30		
Azores, and Madeira Islands					2
Belgium	2,066	2,586	2,588	2,770	2,229
Denmark			10	8	
France	352	278	711	203	107
Germany	83	42	129	189	300
Italy	90	10		74	30
Netherlands	702	356	649	307	468
Russia in Europe	2,240	3,629	1,280	3,169	3,284
United Kingdom	1,723	1,905	1,708	1,172	1,473
North America:					
Canada	899	1,317	984	837	763
Total	8,155	10,123	8,089	8,729	8,656
RECAPITULATION.					
Europe	7,256	8,806	7,105	7,892	7,893
North America	899	1,317	984	837	763
Europe:					
Austria-Hungary			$9.067		
Azores, and Madeira Islands					$590
Belgium	$539,651	$679,203	739,310	$884,086	635,434
Denmark		43	2,480	1.465	
France	85,086	65,858	184,040	49,895	27,655
Germany	19,053	8,879	26,887	46,431	63,842
Italy	14,708	1,574		13,236	4,006
Netherlands	163,479	96,364	181,780	88,453	136,005
Russia in Europe	394,194	741,184	245,960	628,742	680,013
United Kingdom	632,274	670.087	658,484	433,261	538,060
North America:					
Canada	179,567	278,682	212,413	181,731	167,907
Total	2,028,012	2,541,874	2,260,421	2,327,300	2.254,112
RECAPITULATION.					
Europe	1,848,445	2,263,192	2,048,008	2,145,569	2,086,205
North America	179,567	278,682	212,413	181,731	167,907

The importations for 1908 amounted to 9,528 tons, valued at $2,514,680.

WOMEN'S AND CHILDREN'S LINGERIE.

HON. W. S. BENNET, M. C., FILES LETTER OF NATHAN KRAUSKOPF COMPANY, OF NEW YORK CITY.

NEW YORK, *December 16, 1908.*

Hon. WILLIAM S. BENNET, *Washington, D. C.*

DEAR SIR: The writer, who is the president of the Nathan Krauskopf Company, lives at 430 West One hundred and sixteenth street, New York City, which he understands is in your district, and therefore that you are "his Congressman."

We understand that the coming Congress will probably radically revise the tariff, and as we are interested in this phase of legislation, would thank you to let us know how we can keep track of this matter.

The customs duty now imposed on lingerie for women and children is 60 per cent. Any lowering of this duty will work very disadvantageously to a very large number of working people in this country. Roughly speaking, the facts of the matter are as follows:

Women who do hand sewing abroad are paid from 30 cents to 60 cents a day, according to the location.

Women who do the same class of sewing in this country are paid $2.50 a day.

Women who do machine sewing abroad are paid from 20 cents to 50 cents a day, according to location.

Women who do the same class of sewing in this country are paid from $1.50 to $2.50 a day.

You can readily see that the 60 per cent duty does not cover this difference in wages.

Cutters in this country are paid from $18 to $25 a week; in Germany these men are paid from 30 marks to 50 marks a week. In France the rate of pay is somewhat less. You will readily see in this instance that the duty does not begin to protect this class of labor.

As a matter of fact, increasing quantities of women's and children's lingerie are being imported each year, largely owing to the fact that we can not in this country compete, because of the unfavorable competition on the labor question.

I am taking the trouble of writing you at this length so you may see how vitally interested we are in this matter and would be glad to get any information from you that you think we need and to effect an organization in our trade, which you may think advisable to properly present the matter to the proper authorities.

Mr. A. S. Silverberg, of the same address—430 West One hundred and sixteenth street—and president of the American Romper Company, also one of your constituents, joins with me in the above.

Thanking you in advance for your consideration and reply to this letter, I am,

Yours, very respectfully, NATHAN KRAUSKOPF.

SCHEDULE K.—WOOL AND MANUFACTURES OF WOOL.

BROADCLOTHS.

SUTTON'S MILLS, NORTH ANDOVER, MASS., STATE THAT REDUCTION IN DUTY ON THEIR PRODUCT WOULD CLOSE THE MILLS.

NORTH ANDOVER, *December 14, 1908.*

CHAIRMAN COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: The Sutton's Mills, a corporation organized under the laws of the Commonwealth of Massachusetts, manufacturing woolen dress goods, represents an invested capital of $450,000 and furnishes employment to from 150 to 200 operatives, who are residents of the town of North Andover, where our mills are located. These mills have been operating in their present location since 1802, and the company has furnished steady employment to a constantly increasing number of people who live in comfortable homes and whose children have the privileges of good schools.

Our product consists largely of broadcloths, kerseys, venetians, and similar staple face-finished goods, and in this field we come directly into competition with similar fabrics manufactured in France and Germany. Our goods are of the same general construction and go through practically the same processes that are used in the production of foreign goods, and we are dependent upon a protective tariff to enable us to compete with foreign manufacturers, where the wages paid are so very much less than are paid by us and by other manufacturers in this country.

The rates of pay in our mills are approximately three times the wages paid by German manufacturers for similar labor and about twice the wages paid by French manufacturers. In comparison with the wages paid in this country in other lines of industry, our employees are not earning excessive sums and the business is not, therefore, more attractive to labor than other lines of industry. This being the case, it would not be practicable to reduce our wage schedule materially without forcing our operatives, who are skilled in this particular line of work, to seek employment in other lines in order to maintain their present standard of living.

We feel that we can not too strongly express the injury which would be sustained by our company if any reduction were made in the present tariff on manufactured goods similar to those made by us, and the hardship resulting to our employees and their families would be very great indeed. The business depression through which we have just passed has been of the greatest severity in our particular business, and I believe that it can be safely stated that neither manufacturers nor their employees are in a position to face

a general readjustment of values, with the inevitable result of further loss of business and lack of employment for those who are dependent upon their company for their daily bread.

We do not feel that we should go into any extended argument on this subject by letter, but desire to go on record as stating our firm belief that any reduction in the protection now afforded us would result in the closing of our plant, in great suffering to our employees and their families, and in a severe loss to our stockholders, and as we believe that this is equally true of other companies engaged in this industry, we have no hesitation in urging that no reduction whatever be made in the present tariff on woolen fabrics.

Yours, truly,

SUTTON'S MILLS,
G. W. CLOUGH.

PIANO FELTS.

RICHARD RANFT, NEW YORK CITY, WISHES PIANO FELTS PROVIDED FOR IN SEPARATE PARAGRAPH.

NEW YORK CITY, *December 17, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: My firm, Richard Ranft, has been importing piano felts from Germany since about 1856.

Up to 1883 our felts have been classified as manufactures of wool n. o. s., at 35 cents per pound and 40 per cent ad valorem; in the McKinley bill they were put in the ready-made clothing clause with plushes and pile fabrics, at 49½ cents and 60 per cent ad valorem; the Wilson bill classified them properly as felts not specially provided for, in paragraph 284, at 50 per cent ad valorem when valued over $1.50 per pound and 45 per cent at under $1.50 per pound; finally the Dingley bill placed them back again in the ready-made clothing clause, paragraph 370, at 44 cents per pound and 60 per cent ad valorem as "felts, not specially provided for," and at which rates of duties these felts pay from 100 to 115 per cent ad valorem of the finished product.

I am not asking for any lower rates of duty, and am willing to pay the present rates as long as the domestic manufacturers have to pay duty on their raw material, wool; if the same be reduced, compensating as well as ad valorem, my goods would no doubt receive comparative reductions in duties, which reductions my customers would certainly get the benefit of. But I am asking for a separate paragraph for piano felts in the new tariff to come, to have them specially mentioned and provided for as "piano felts in rolls or sheets," with duties as mentioned above, or, if not to be granted, ask piano felts to be placed as "manufactures of wool" not provided for, where they very properly belong, being made of pure wool only, for this felt in sheets has certainly nothing in common with ready-made clothing.

My importations of these felts are large enough to warrant giving them a special paragraph, averaging in weight about 60,000 pounds per annum, with a value of about $80,000.

My belief is that luxuries should and ought to pay the very highest duties. If anybody desires to get his or their clothes made in London or Paris, they should be made to pay well for this privilege; but if luxuries are to be increased, my piano felts, if still remaining in the ready-made clothing clause, would also be subjected to such increase, and this is the sole reason why I wish my piano felts out of this clause and be specially provided for in a separate paragraph. Our imported felts are not luxuries; on the contrary, they are a necessity to the makers of artistic pianos in this country, nine-tenths of which makers I supply these felts to, not on account of their reputation, being the oldest makers of piano felts in the world, but solely because of their uniform, even qualities, which the makers of artistic pianos in our country believe as best adapted to their requirements, and therefore used almost exclusively by them in their artistic pianos.

My second request pertains to imported piano hammers, made in Germany or elsewhere, and which hammers are now and have been imported as "parts of musical instruments," paying only 45 per cent ad valorem.

The quantity of such imported hammers is not large, but it surely is a very great discrimination against the firms here, about 15 to 18, who make hammers for the trade at large, in favor of the foreigners, when the latter can bring the foreign-made hammer in at 45 per cent ad valorem, where the American manufacturer, buying the felt from me, has to buy the same subject to a duty of from 100 to 115 per cent ad valorem. The value of the felt in the hammer is about 50 per cent of the cost, balance being for labor and the so-called moldings made of wood, as per samples shown herewith.

I would suggest to have "imported hammers" incorporated in same paragraph as "piano felts," paying the same rates of duties as felts in sheets or rolls, for a duty of 45 per cent ad valorem on a finished product, as against a duty of 100 per cent and more on the raw material, to be made into piano hammers here, is surely an injustice and an inequality of the present tariff, which certainly should be corrected.

RICHARD RANFT,
Importer of Piano Felts.

TURKISH AND ORIENTAL RUGS.

JOHN C. UHRLAUB, NEW YORK CITY, OBJECTS TO MANNER IN WHICH DUTY IS IMPOSED.

NEW YORK, *December 21, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: As an importer of Turkish and oriental rugs I desire to call your attention to section 379 of the act of 1897 relative to the duty on the product I import. At present it is 10 cents a square foot and 40 per cent ad valorem.

I have no objection to the rate of duty nor to the amount that is paid thereon, but the great and practical difficulty that confronts an importer lies in the manner in which the duty is imposed. The

specific duty of 10 cents a square foot is levied on the measurement of each rug or carpet imported. In such countries as Persia and Turkey this involves work under the most strenuous difficulties in figuring the exact square foot of each single piece exported. Such an article as oriental rugs has practically no established or fixed market value. The value of rugs is very largely imaginary, and even on the rugs that have more or less an established market value the price fluctuates sometimes in a single week more than 100 per cent, due, in the Orient, to the large or small arrivals of merchandise and to the absence or presence of numerous buyers.

Other countries, such as Germany, Austria, and France, also levy very heavy duties on oriental rugs, but the duty is levied not on the value, but on the weight of the rugs. It would be a very easy matter for the government authorities to ascertain in a very short period the proportionate value and weight of rugs imported into this market, and the duty per 100 pounds could be levied about at the same ratio and render to the Government the same revenue as the present duty of 40 per cent ad valorem and 10 cents per square foot without the present mathematical difficulty of figuring the square inches in each rug, and without giving unscrupulous importers the possibilities of undervaluing their merchandise, and thereby depriving the Government of a large part of the revenue which it should derive.

Invoicing these goods during these periods of depreciation and fluctuation and importing these goods into this country causes an incessant wrangle, discussion, lawsuits with the customs authorities, who will seldom admit that the price at which such articles have been purchased is a fair market value, and imposing an unjust fine on the importer.

From my experience of twenty-four years, I should say that $60 per 100 pounds would be a fair duty, and bring the rate to about the present rate and for this reason: the average weight per bale to-day is about 400 pounds and it will be found that the duty collected by the Government will average about $250 per bale.

Respectfully submitted.

JOHN UHRLAUB.

WOOL.

ANDREW J. SOLIS, BOSTON, SUBMITS A SCHEDULE OF PROPOSED RATES ON WOOLS, WASTES, AND RAGS.

BOSTON, *December 12, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: I send you inclosed consistent wool schedule, as you have requested, for comparison. In regard to South American wools, the only way they can be imported is to make the shrinkage by fiat 50 per cent and base the 8-cent duty on this shrinkage. This was done in the tariff of 1827–28 which established a value zone (on woolens). You undoubtedly understand this better than I can tell you. I have made the duty 30 cents per pound on tops because it is three and one-half times 8 cents. The scoured-wool basis is three

times the duty of first-class wool, and as no wool comes in which shrinks over 50 per cent this gives them 14 cents per pound to protect them against foreign labor and ñoilage, and besides, it costs the foreigners something to manufacture tops, and they have to contend against loss from ñoilage the same there as here, and I should not allow the protection to go higher than 33 cents per pound under the sliding wool scale.

Regarding worsted yarn, the tariff of 1884 gives a duty of 18 cents for yarn from 40 to 60 cents, and 35 per cent ad valorem. At that time the wool duty was 10 to 12 cents. I have made it between 40 to 60 cents, as between this range of prices is the point where yarns compete. This is the most important point in this schedule if you want any competition on worsted yarn; the other ranges do not amount to anything. I have based this whole schedule on the proposition that the greatest percentage of protection should be placed on the greatest labor cost, which is the finished product.

Regarding carpet wools, later I may have a different proposition to make. You have asked me which of the schedules in the wool section are prohibitive. In reply will say the Dingley bill schedules 361 (362, with the exception of thread waste where at certain times a very small amount is imported), 363 (364, top schedule), 365, yarn schedule. This yarn is prohibitive because the duty is too high and the range 30 cents per pound is adjusted in such a way that it is too low to buy a quality of yarn that can compete in any way.

I think this covers your inquiries. I shall be pleased to give you any other information you may desire.

Will you kindly acknowledge receipt of this letter.

Respectfully,

ANDREW J. SOLIS,
Manager of Wool Department, Union Carpet Lining Co.

EXHIBIT A.

357. The duty upon wools and hair of the first class shall be 8 cents per pound and upon all wool or hair of the second class 9 cents per pound.

358. On wools of the first class, known as clothing wools, from the Argentine Republic, from Uruguay and Cape Colony, South Africa, the duty shall be 8 cents per pound and the tax shall be collected on the estimated clean washed condition, the value whereof shall not exceed 60 cents in Uruguay and shall be assessed at the port of entry on the grease value as if of 50 per cent shrinkage.

359. On wools of the third class and on camel's hair of the third class the value whereof shall be 12 cents or less per pound the duty shall be 2½ cents per pound.

360. On wools of the third class and on camel's hair of the third class the value whereof shall be 12 cents or less per pound the duty shall be 5 cents per pound.

361. The duty of wools on the skin shall be 1 cent per pound less than is imposed in this schedule on other wools of this same class.

362. Top waste, slubbing waste, roving waste, noils, garnetted waste, 12 cents per pound.

363. Thread waste, ring waste, and all other wastes composed wholly or in part of wool not specially provided for in this act, 10 cents per pound.

364. Clippings from underwear or hosiery, 5 cents per pound.

365. Woolen rags, mungo, flocks, and shoddy, 100 per cent ad valorem.

366. On wool of the sheep, hair of the camel, goat, or other like animals in form of roving, roping, or tops the duty shall be 30 cents per pound and shall increase or decline 3 cents per pound for every automatic advance or decline in the wool duty of 1 cent, but at no time shall the duty be more than 33 cents.

367. The duty of 8 cents per pound for first-class wool and 9 cents on second-class wool is based on the wool production of 40,000,000 or less sheep of the shearing age, and excluding lambs. Said duty shall advance automatically 1 cent per pound for every additional 10,000,000 sheep of the shearing age, excluding lambs; and if the advance, because of an increase of 10,000,000 sheep excluding lambs, is not maintained in a preceding year, the duty shall automatically decline 1 cent per pound; but at no time shall the duty be lower than 8 cents for wool of the first class nor lower than 9 cents for wool of the second class, neither shall it be higher than 11 cents for wool of the first class nor higher than 12 cents for wool of the second class. Australian lamb's wool is exempt from the operation of this clause.

The number of sheep to be computed up to July 1 for the preceding year, beginning January 1, when the duty rate shall become operative for the whole period of one year.

The Department of Agriculture shall determine the number of sheep of the shearing age, exclusive of lambs, in the United States each year up to July 1.

The basic rate of 8 cents for first-class wool and 9 cents for second-class wool shall take effect on passage of the bill.

368. On yarns made wholly or in part of wool, valued at not less than 40 cents per pound nor more than 60 cents per pound, the duty shall be 2½ times 8 cents, or 20 cents per pound, and shall advance in addition automatically 2 cents per pound or decline 2 cents per pound as the sliding scale operates on the duty of unwashed wool of the first class, but shall advance in no event higher than 22 cents per pound.

Valued at more than 60 cents per pound, the duty shall be 3½ times 8 cents, or 28 cents per pound, and shall advance in addition automatically 3 cents per pound or decline 3 cents per pound as the sliding scale operates on the duty of unwashed wool of the first class, but shall advance in no event higher than 31 cents per pound, and thereto upon all the foregoing 35 per cent ad valorem.

369. On cloths, knit fabrics, and all manufactures of every description made wholly or in part of wool, not especially provided for in this act, valued at not more than 40 cents per pound, the duty per pound shall be 3 times 8 cents, or 24 cents per pound, and shall advance in addition automatically 3 cents per pound or decline 3 cents per pound as the sliding scale operates on the duty of unwashed wool of the first class, but at no time shall this compensatory duty be less than 24 cents per pound.

Valued at above 40 cents per pound, the duty shall be 4 times 8 cents, or 32 cents per pound, and shall advance in addition automatically 4 cents per pound or decline 4 cents per pound as the sliding

scale operates on the duty of unwashed wool of the first class but at no time shall this compensatory duty be less than 32 cents. And in addition thereto upon all the foregoing 50 per cent ad valorum.

370. On blankets and flannel for underwear composed wholly or in part of wool, valued at not more than 40 cents per pound, the duty per pound shall be twice 8 cents, or 16 cents per pound, and shall advance in addition automatically 2 cents per pound or decline 2 cents per pound as the sliding scale operates on the duty of unwashed wool of the first class, but at no time shall this compensatory duty be less than 16 cents.

And in addition thereto 30 per cent ad valorem.

Valued at more than 40 cents and not more than 50 cents per pound, the duty per pound shall be three times 8 cents, or 24 cents per pound, and shall advance in addition automatically 3 cents per pound or decline 3 cents per pound as the sliding scale operates on the duty of unwashed wool of the first class, but at no time shall this compensatory duty be less than 24 cents per pound and in addition thereto 35 per cent ad valorem.

On blankets composed wholly or in part of wool, valued at more than 50 cents per pound the duty shall be three times 8 cents or 24 cents per pound, and shall advance in addition 3 cents per pound or decline 3 cents per pound as the sliding scale operates on the duty of unwashed wool of the first class, but at no time shall the compensatory duty be less than 24 cents per pound and in addition thereto 40 per cent ad valorem.

Flannels composed wholly or in part of wool valued at above 50 cents per pound shall be classified and pay same duty as women's and children's dress goods, coat linings, Italian cloth, and goods of a similar character and description provided by this act, provided that on blankets over 3 yards in length the same duties shall be paid as on cloths.

371. Can not make out.

372. On clothing, ready made, and articles of wearing apparel of every description, including shawls, whether knitted or woolen, and knitted articles of every description made up or manufactured wholly or in part, felts not woven and not especially provided for in this act, composed wholly or in part of wool, the duty per pound shall be four times 8 cents, or 32 cents, per pound, and shall advance in addition automatically 4 cents per pound or decline 4 cents per pound as the sliding scale operates on the duty of unwashed wool of the first class, but at no time shall this compensatory duty be less than 32 cents per pound, and in addition thereto 60 per centum ad valorem.

The Dingley tariff paragraphs 371, 372, 374, 375, 376, 377, 378, 379, 380, 381, 382, and 383 I can not adjust.

HON. HARRY M. COUDREY, M. C., SUBMITS LETTER OF FUNSTEN BROTHERS & CO., ST. LOUIS, MO., FOR RETENTION OF WOOL DUTY.

St. Louis, *December 14, 1908.*

Hon. H. M. Coudrey, *Washington, D. C.*

Dear Sir: While the discussion for the reduction of tariff on wool is before the Ways and Means Committee, we hope that you will find

it consistent to do everything in your power to keep the present tariff on wool from being reduced.

We feel very strongly that it is decidedly against the interests of the producers throughout the United States, and as it is an industry that will run up into almost a hundred million dollars in the course of a year, it will be seen that it is a matter of great consequence to the woolgrower and producer and to the wool merchant and manufacturer of this country.

We have had a trial of free trade on wool, from 1892 and 1896, with the result that it almost entirely annihilated the industry and the trade.

As you are a Representative from Missouri, which is quite a large wool-producing State, and as St. Louis is the second largest wool market in the United States, we take the privilege of calling upon you as our Representative with the earnest request that you do all that you can to keep the tariff on raw wool from being reduced.

If you will do this we are sure that you will conform with the views and best interests of your constituents in every particular.

Very truly, yours,

FUNSTEN BROS. & CO.,
P. B. FOUKE, *President.*

THE PENNSYLVANIA WOOL GROWERS' ASSOCIATION URGES RETENTION OF THE PRESENT WOOL SCHEDULE.

WASHINGTON, D. C., *December 14, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: By request of your honorable committee we submit the following on the subject of wool growing, its costs, benefits, and need of protection:

Wool growing in the United States has enjoyed the benefits of a protective tariff since 1816, almost a century. We can not grow wool where we must feed our sheep from five to six months of the year and compete with such countries as Australia and South America, where the cost of production is little more than the herding of the flock. The fine merino wool of this country is principally grown in Ohio, Pennsylvania, and West Virginia; Michigan and Wisconsin at the same cost producing a shade coarser wool. In these States we must feed our sheep from five to six months of the year. The cost of keeping a sheep in these States is from \$1.62 to \$2.70 per head, as follows: A fair average time of feeding during the year is one hundred and sixty days. One hundred head of sheep requires one bushel of grain per day. The usual ration is corn and oats, mixed, equal parts. Taking corn at 45 cents and oats at 25 cents we have a bushel of the mixture at 35 cents.

160 bushels corn and oats, mixed, at 35 cents	\$56
10 tons hay per year, at \$6 per ton	60
Pasture, six months, at 6 cents per head per month	36
Washing and shearing	10
	162

This shows $162 cost of keeping 100 head of sheep one year at the lowest price of feed.

We will now figure the cost of keeping when grain and hay is high, taking last year, when oats cost 60 cents and corn 80 cents, or mixture 70 cents.

160 bushels of grain, at 70 cents	$112
10 tons of hay, at $10	110
Pasture six months, at 8 cents per head per month	48
Washing and shearing	10
	270

These figures show an average cost of $2.16 per head for keeping and shearing a flock which will produce an average fleece of 6½ pounds. The farmer sold this wool as follows: 1904, 30 cents; 1905, 35 cents; 1906, 32 cents; 1907, 33 cents; 1908, 30 cents, an average price of 32 cents; 6½ pounds of wool at 32 cents, showing a receipt of $2.08 against a cost of $2.16 for the fleece.

Now, as to increase, we will take the flock of a good farmer who owns from 160 to 200 acres of land. He can keep only about 200 head of sheep. This must consist of what we term the whole family of sheep; 50 one year old, 50 two years old, 50 three years old, and 50 four years old. Of these, 50 must be breeding ewes. From these he raises 40 lambs, mixed male and female. From his flock he can sell each year 40 head. One half, or 20, would be old ewes, at a price from $3 to $3.50, and 20 wethers, at $4 to $4.50. Take the greatest average and we have 40 sheep at $4, or an income of $160. This must represent interest on investment, care of the flock, losses by dogs, disease, and accident.

There is another class of sheep husbandry which can not be classed as wool growing but mutton producing. For this purpose, larger and coarser wooled sheep are kept. It is true, as suggested by one of your committee, that we can take 100 ewes of this kind and raise from them 70 to 80 lambs, but these lambs are sold for mutton at from four to five months old and the wool from the ewe is all that is produced, and while these lambs seem to sell at a high price, the wool clip is so small and the sheep requires so much more to keep that our farmers, having tried it, abandoned it as not being profitable.

From the foregoing figures you might conclude that there is no profit in wool growing, but desiring to be perfectly fair we will state why our farmers still desire to grow wool. First and most important is the benefit to our hilly farms. They can not be treated like the rich western farms or they would soon become worthless. Plant our hills to corn and the heavy rains in summer wash the soil off.

Sheep lie and sleep on the high part of the fields and the manure is washed down by rains over the lower ground. Sheep require less fencing and are a benefit in keeping down weeds. The farmer has the advantage of a home market for his hay and any other feed he may raise, which is better fed on the farm than hauled to market.

Considering these advantages you may ask, Would farmers not grow wool without a tariff or at a reduced rate? Our reply is, no. The former was fully demonstrated when the Wilson bill was in force. At that time the writer bought good young sheep for 50 cents per head, such as will bring to-day $3, and sold wool from 15 to 17

cents. One of my neighbors (a Democrat), who believed we never again would have a protective tariff on wool, gave his whole flock in the spring of the year to a dealer if he would give him the wool after shearing. The present tariff is not prohibitive. As shown by the imports of 204,000,000 pounds in 1907, the advance in cost of clothing is very small, if noticeable. For example, the merchant tailor informs us that the amount of all-wool cloth in a suit of clothes, of which some of your committee thinks there are a very few, is from 3 to 4 pounds, or an average of 3½ pounds. As our washed wool shrinks 50 per cent, this would be 7 pounds washed wool. An 11-cent tariff would represent an additional cost of 77 cents on an all-wool suit and much less on mixed or shoddy goods. We believe we are liberal when we say that the present tariff of 11 cents per pound on wool does not mean $1 per year to the laborer who to-day is receiving from $1.25 to $5 per day. Blot out this industry by removing or even reducing the tariff and we leave you to figure the benefits to anyone. Mutton will surely increase in price, our farms and farmers will become poor, and no one benefited. As we are all seeking to help the laboring man, we should consider the *farm laborer*. The farmer who grows wool is the poorest paid man in the country. He does not count his days as eight or ten hours, but as long as he can see to work. He rises in the morning at 5 o'clock and quits work from 6 to 8 in the evening, making his days from twelve to fourteen hours. He is not cared for by labor unions, does not spend his evenings in the theater or poolrooms, but retires when his work is done. He is not able to fix a price on his wool; he must take the price offered. As shown by figures above, his wool last season cost him 41½ cents to produce and he sold it at 30 cents. We have endeavored to make a fair statement, not exaggerating or withholding any facts.

Submitted by the Pennsylvania Wool Growers' Association.

D. M. Campsey,
R. L. Munce,
Committee.

(Petitions asking for retention of present duties on wool were received from the following: The Big Horn County Wool Growers' Association, Cody, Wyo.; H. J. Fulton, Cody, Wyo., and 44 others; O. G. Johnson, Casper, Wyo., and 10 others; Wm. McIntosh, Casper, Wyo., and 26 others; M. S. Brennan, Rozet, Wyo., and 4 others; James Dickie, sr., Kirby, Wyo., and 13 others.)

THE OREGON WOOL GROWERS' ASSOCIATION WISHES DUTIES RETAINED ON WOOL, WOOLENS, HIDES, AND MEAT PRODUCTS.

Pendleton, Oreg., *November 28, 1908.*

Hon. Sereno E. Payne,
House of Representatives, Washington, D. C.

Dear Sir: I take the liberty of inclosing herewith copy of a resolution unanimously adopted at the annual meeting of the Oregon Wool Growers' Association, held in Heppner, Oreg., on November 17 and

18, 1908. From the sentiments expressed at this meeting and from my personal interviews with many sheep men during the past few months in Oregon, I am positive in making the assertion that this resolution expresses the sentiments of every woolgrower and sheep owner in the State. I know that it expresses my personal views in the matter, as well as the views of all other woolgrowers, in that the increased cost of handling and operating sheep has made the present price of wool hardly sufficient for a reasonable profit over and above the running expenses of sheep; in fact, many sheep men are not making any profit from their flocks.

Hon. W. R. Ellis, Congressman from this district, was present at the meeting, and I believe he can inform you of the views of that convention on the tariff on wool. We respectfully urge that no change be made in the present tariff schedule for wool and woolens.

I have the honor to remain,

Very sincerely, yours, DAN P. SMYTHE, *Secretary.*

Resolution unanimously adopted by eleventh annual convention of the Oregon Wool Growers' Association at Heppner, Oreg., November 18, 1908.

Whereas the cost of raising wool is increasing by the changing and diminishing condition of the range, and

Whereas the scale of wages paid the employees of the wool industry is higher than in any other agricultural pursuit: Therefore be it

Resolved, That we are unqualified in our indorsement of the present import duties on wool, woolens, woolen fabrics, hides, meat and meat animals, and oppose emphatically any legislation which will tend to decrease or destroy the present condition of the wool and live-stock industry of the United States.

WOOL EMBROIDERIES AND LACES.

THE LACE AND EMBROIDERY MANUFACTURERS' ASSOCIATION, NEW YORK CITY, SUBMITS BRIEF.

NEW YORK CITY, *December 1, 1908.*

We wish to call your particular attention to Schedule K, paragraph 371.

The articles in this paragraph in which we are especially interested are machine-made woolen embroideries and machine-made woolen embroidered laces. These articles are not only great luxuries, but their sale in this country at times is quite large, but at other times practically none are sold. Most of these goods are imported.

We respectfully request that the following proviso be added to paragraph 371:

Provided, That any of the foregoing articles made of wool or of which wool is a component material, and which are wholly or in part produced by the Swiss embroidery machine, operating with double-pointed needles, or by the Schiffli embroidery machine, shall be assessed at the rate at which the same would be chargeable if composed wholly of the component material paying the highest rate of duty.

LACE AND EMBROIDERY MANUFACTURERS'
ASSOCIATION OF THE UNITED STATES,
A. H. KURSHEEDT, *President.*

WORSTEDS.

THE PERSEVERANCE WORSTED COMPANY, WOONSOCKET, R. I., SUBMITS ADDITIONAL BRIEF RELATIVE TO WOVEN FABRICS.

WOONSOCKET, R. I., *December 9, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We, the Perseverance Worsted Company, of Woonsocket, R. I., in addition to our brief of November 27, 1908, beg to submit for your information Exhibit A, samples and prices of foreign woven cloths now being imported, brought into this country in large quantities, thus displacing domestic-made woven cloths, as shown in Exhibit B. These are not cloths, fabrics, made for the rich, who can afford luxuries, but are cloths made and sold to the people using medium-priced clothing. Our claim is that the present system of ad valorem duty, which allows the foreigner to consign or ship his productions into this market, valued at his own estimate of cost or price, enables the dishonest foreigner or importer to put his values at such a rate, or undervalued, so that he secures the business here by evading the full amount of duty Congress intended this class of goods to pay.

As manufacturers of woven cloths, worsted fabrics for men's wear, we, along with perhaps 90 per cent of the manufacturers of woven cloths, fabrics, use worsted yarns for our raw material; and while, as stated in our brief of November 27, we are not asking for more or higher rate of duty or protection—nay, a little less, if put on in a specific rate that would always be fairly and honestly collected, so that we should know our industry would be sure of receiving the amount of protection Congress awarded it—would be preferable to present ad valorem rate of protection on our productions, which is taken advantage of by undervaluation.

We are not requesting any definite amount of protection; we leave this in your hands, but we would call your attention to the actual experience, facts, we have to face, meet in the market at present, competition actually taking place to-day under the protection awarded to our class of productions under paragraph 366, Schedule K, of Dingley tariff. By a comparison of Exhibit A samples of foreign cloths sold here and now being imported, as against Exhibit B, samples of domestic cloths from different representative mills, all similar fabrics, you can readily see that whatever amount of duty the foreigners are paying under the Dingley tariff does not by any means shut them out, but is really giving them this market to-day, as against the best and cleverest mills of this country, and further at a time of depression when the domestic mills have averaged 50 per cent of their looms idle, wanting orders, and during most of this depression in the industry, caused by the panic, domestic manufacturers have been able to buy their yarns, raw materials, at lower prices than for the last few years; yet with this cheap raw material advantage, and a fierce competition amongst the domestic manufacturers for enough work to try and keep their looms going, showing they were prepared to cut profits or manufacture at cost until times improved, we have the distinct proof, evidence, that foreign manufacturers, as per samples

shown in Exhibit A, have come in and sold their productions and taken large business.

We are informed that some of our customers have bought the Drummond fabrics extensively. We believe this firm has sold thousands of pieces of these cloths, fabrics. The question is, How do they do it? And if they can do it and live up to every identical requirement of Dingley tariff, it certainly confirms the fact that our branch of the industry, as manufacturers of woven cloths, fabrics, is not overprotected. We ourselves feel the real trouble is ad valorem rate of duty is at fault, and that it ought to be changed to specific rate of duty, which can be fairly and honestly collected by any custom-house appraiser who would not require the foreign manufacturer to put his own value on his goods.

We would suggest for your serious consideration that whatever amount of protection you put on the wool, worsted yarns, or manufactures of wool, be in a specific rate of duty entirely, apportioned to each branch of the industry, viz, wool raising, manufacturing of yarns from the wool, and manufacturing of cloths, woven fabrics, based on the labor cost involved in each, with proper compensating duties on yarns and woolen goods, sufficient on the latter to reimburse it for duty placed, wool and yarns, the raw materials of the cloth manufacturer.

Reference to awarding any measure of protection Congress may give to wool and manufactures thereof, in a specific rate of duty entirely that could always be honestly and fairly collected by any customs appraiser without asking any foreigner or importer to appraise the value of their own importations, we think that a specific rate of duty could readily be devised by your own tariff experts based on the labor cost involved in the wool raising, making of the yarns from wool, manufacturing cloth from the yarns, or on any process from wool to the finished product.

It is well known that the least labor cost goes into the wool and first process of manufacturing, as top making, then comes the yarn with still higher labor cost, and lastly, the manufacturing of the cloth or fabric, which calls for the greatest amount of high-cost skilled labor. We are not prepared to tell you the relative amount of labor cost involved in the wool, the yarns, and the finished woven goods. Your committee through its own tariff experts could easily determine this with prefect equity to each branch of the industry, as their investigation determined, but in apportioning whatever rate of duty Congress decides is necessary for the protection of the industry against the cheaper cost of production of foreign manufacturers of wool we would again ask you to use every influence in favor of specific rate of duty entirely. This is our special plea, so that whatever amount of protection Congress awards the industry, it can always be collected and under valuation effectively prevented.

This specific form of duty, if placed on yarns according to the number or size, fineness of the thread, would always be according to the labor cost, as it is the thickness or size of thread which invariably governs the labor involved and cost of production, and on the woven cloth, fabric, the number of picks per inch in the cloth would almost always govern the labor involved and cost of production. A specific rate of duty carefully laid out on these lines, which we outlined in our brief of November 27, could be scientifically and accurately

framed, laid out, so as to be perfectly fair and equitable to each branch of the industry, and based entirely on the labor cost involved in each one, and would have the advantage of a perfect sliding scale according to the labor cost involved. It would also be simple and easy for any custom appraiser to collect; that undervaluation would be effectively prevented, for any appraisers could quite readily determine the size of the thread of yarn by reeling a skein or two, and equally as easy could the appraisers count the number of picks of filling in any cloth or fabric and collect the rate of duty accordingly. For Schedule K, paragraphs governing wool and the different branches of manufactures thereof, we again ask your careful consideration of specific form of duties for the entire industry, and based on the amount of labor or cost of production involved in each branch of the industry with equitable compensating duty on yarns and cloths.

We believe, with protection awarded in specific rate of duty on plan outlined, the industry could accept a little less measure of protection and thrive better than if it had a higher measure of the ad valorem rate, as under the latter the domestic manufacturer does not receive the protection Congress awarded, because of undervaluation.

Yours, very truly,

PERSEVERANCE WORSTED CO.,
JAMES H. SINGLETON, *Treasurer.*

SCHEDULE L—SILKS AND SILK GOODS.

SILK GLOVES.

AMERICAN MANUFACTURERS WISH PRESENT DUTIES MAINTAINED AND SEPARATE CLASSIFICATION GIVEN.

WASHINGTON, D. C., *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

SIR: The undersigned manufacturers of silk gloves respectfully submit to your committee the following statement, to be considered in connection with the testimony given by Mr. Julius Kayser, of New York, on December 1, 1908:

Relative to the great manufacturing industries of this country, and also possibly excepting Julius Kayser & Co., the manufacturers engaged in making silk gloves are small and independent manufacturers. These manufacturers are confronted with a very high labor rate. Kindred industries in this country, such as hosiery and underwear, pay much smaller wages than do silk-glove manufacturers.

Without further thought we can not agree with Mr. Kayser that the present ad valorem duty of 60 per cent should be changed to a specific rate. We are building up an industry that actually does pay high wages, and an industry which is growing and has grown, in the past three years, enormously in volume. The price of our raw silk is, in a measure, fixed the world over (it is true that the European manufacturer has a great advantage in the throwing or twisting of this silk that the American manufacturer can not obtain), and our increased cost for the better grades means increased cost of labor for each better grade. Therefore, it would seem that an ad valorem duty, properly administered, better protects our industry.

The present duty of 60 per cent is by no means prohibitive, and our business is conducted in keen competition with the European manufacturers. Our burdens are much greater than the European manufacturer's in every respect. His investments are not nearly so burdensome as ours. Mr. Kayser's remarks as to imports may be misleading. It is true that prior to 1904 the importation of silk gloves amounted to very little. However, this was not due to a prohibitive tariff, but to the fact that the silk-glove business in America was largely controlled by Mr. Kayser and by another American manufacturer.

These men had secured patents on improved methods of reenforcing the finger tips of silk gloves, which practically barred the inferior European product and also barred American competition. When these patents expired in 1904 the importations steadily increased until they reached fully 15 per cent of the total consumption in 1907, as Mr.

Kayser's figures show, and after the expiration of these patents other manufactories for silk gloves sprang up and have rapidly created a great business in this country.

Our best estimates show that the 60 per cent duty does not keep out the foreign glove, but that, on the contrary, so far as the duty is concerned, the foreign glove can supplant ours.

A great consideration in ladies' gloves has been the sudden changes in fashions, which have made it difficult for the large merchants and wholesalers to contract for their requirements in Europe nine months in advance. They naturally prefer to wait until they know the styles their trade will demand and then have their needs supplied at short notice by the American manufacturer; and just here a danger is arising to our industry.

The styles will be more fixed in the future, probably, than in the past and we will lose the protection that this consideration gave us. Then will come the time when we will depend upon the protection against the foreign cheap labor that a tariff affords.

When these styles become fixed the foreign manufacturer can store up goods to await quick orders. His investment will be much less than ours can possibly be, because his labor is, in many cases, as Mr. Kayser states, five-sixths less than ours. A silk glove manufacturer in Nottingham, England, told one of the undersigned that he could obtain the services of 200 women in his city at the wage of \$1.50 per week to do the work that the undersigned paid women \$1.50 per day and upward.

Mr. Kayser states that he makes only cotton gloves in his German factories and that he makes them exclusively for the American market. We quite agree with the statement of Judge Griggs, that we ought to make cotton gloves in this country. We believe that we ought to make all kinds of ladies' gloves as well as men's in this country.

At the present tariff on cotton gloves (50 per cent ad valorem) it is impossible to compete with Europe. There is not a pair of cotton gloves made in the United States to-day; the German and English manufacturers control the business, and even the United States Government pays tribute to these manufacturers in placing their army and navy contracts.

Some of us have tested this cotton manufacture at considerable expense, and have always found that the foreign goods (owing to cheap labor) could be produced at a profit below our cost of production. The Reading Glove and Mitten Company, Reading, Pa., produced cotton gloves for three years and lost money each year. Their books and records are at the disposal of your committee.

It may seem strange that silk gloves could compete with European manufacturers at 60 per cent ad valorem, and that cotton gloves can not with 50 per cent ad valorem. To some extent this is explained by a comparison of raw materials, the raw silk being free and the cotton yarns paying a duty of 24 to 60 cents per pound. This cotton yarns, on which there is a great labor item, is principally made in England, and not made in this country. The German manufacturer pays a nominal duty on this English yarn, which duty is refunded to him by the German Government if the manufactured goods are exported.

Our belief is that a reduction in the present tariff would mean less work in our factories and necessarily lower wages to those employed.

In quality our production is now the best in the world, and this production is given to the public at a fair price. There is every indication of a great demand for the silk glove if the present high standard of quality can be kept up. We believe that only the American manufacturer will keep this quality up; that if the foreign manufacturer crowded us out of business a lower level in the trade would be reached. We are in this country and back up the style, fit, and wearing qualities of our goods. If these qualities are not right the customer can go to us directly if necessary. With the foreign manufactured article there is no redress except to use it or not, as the consumer pleases.

We respectfully submit that our present rate of duty on silk gloves ought to be maintained and that these gloves, if necessary, should be put in a paragraph by themselves or joined with other fabric gloves in a paragraph. We protest that the duty on our product ought not to be lowered simply to classify it with other silk manufactured articles.

Most respectfully submitted.

The Gloversville Silk Mills, by Albert M. Banker, President, Gloversville, N. Y.; Niagara Silk Mills, by J. T. Shanahan, President, North Tonawanda, N. Y.; Clark Textile Co., by J. H. Clark, President, Saratoga, N. Y.

OTHER AMERICAN MANUFACTURERS OF SILK GLOVES WRITE IN ADVOCACY OF RETENTION OF PRESENT DUTIES.

WASHINGTON, D. C., *December 14, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

SIR: The undersigned manufacturers of silk gloves respectfully submit to your committee the following statement, to be considered in connection with the testimony given by Mr. Julius Kayser, of New York, on December 1, 1908:

We do not agree with Mr. Kayser that the present ad valorem duty of 60 per cent should be changed to a specific rate. The market price of raw silk is subject to violent fluctuations; within the last eighteen months the price of the same standard quality has been as low as $3.40 and as high as $6 per pound. Prices of our finished product have fluctuated in proportion, and no specific duty could be fixed to cover such a wide range of prices and give us at all times the protection that Congress intended us to have.

The present duty of 60 per cent is by no means prohibitive; our business is conducted in keen competition with the European manufacturers. Mr. Kayser's remarks as to imports are misleading. It is true that prior to 1904 the importations of silk gloves amounted to very little. This, however, was not due to a prohibitive tariff, but to the fact that the business in silk gloves was controlled by two large American manufacturers, of which Mr. Kayser was one, who had secured patents on an improved method of reenforcing the finger

tips of their gloves, which practically barred the inferior European product. When these patents expired, in 1904, the importations commenced to increase steadily, until they reached fully 15 per cent of the total consumption in 1907, as Mr. Kayser's figures prove. There is no doubt that importations would reach much larger proportions if it was not for the fact that ladies' silk gloves are subject to sudden changes in fashion, which makes it difficult for the wholesaler to contract for his requirements abroad six or nine months in advance. He naturally prefers to wait until he knows exactly what styles his trade will demand, and then have his needs supplied at short notice by the American manufacturer.

A careful comparison of foreign and domestic cost would show that under the present law the foreign manufacturer still has the advantage on account of the extremely low wages paid by the German manufacturer, and a reduction in the rate would no doubt mean less work and lower wages for the American factories. Mr. Kayser, who owns a large glove factory in Germany, states that he pays 8 to 9 marks a week in Germany for the same work that he pays $9 a week for in America.

It will be noticed that Mr. Kayser states that he only makes cotton gloves in his German factories, and that he makes them exclusively for the American market. We quite agree with the suggestion of Judge Griggs, that we ought to make cotton gloves in this country. Under the Dingley tariff, which fixes the rate of duty on cotton gloves at 50 per cent ad valorem, it is impossible to compete with Europe. There is not a pair of cotton gloves made in the United States to-day. The market is controlled by German and English manufacturers, and even the United States Government has to place their army and navy contract with the importers. Some of us have tested this matter again and again at considerable expense, and have always found that foreign goods could be landed at New York, duty paid, considerably below our cost of production. One factory, the Reading Glove and Mitten Company, was producing cotton gloves for three years and was losing money each year. The books and records of this concern are at the disposal of your committee, and the officers have signified their willingness to furnish any information desired in proof of our contention.

It might seem strange that, while with the 60 per cent protection on silk gloves we are able to get our share of the trade and successfully compete with the European manufacturers, with 50 per cent protection on cotton gloves we can not compete at all and have been driven out of the market. To some extent this is explained by the comparison of the raw materials, which is raw silk for the silk glove maker and fine cotton yarn for the cotton glove industry. Raw silk is on the free list, while fine cotton yarns, such as are used by the glove manufacturers in England and Germany, pay a duty of from 24 to 60 cents per pound if imported into the United States. The German manufacturer pays a nominal duty on English yarn, which is refunded by the German Government if the goods are exported.

A few comparisons of foreign and domestic costs will prove to your committee the inadequate protection provided by the present rate of 50 per cent ad valorem.

Comparative cost of a lady's cotton glove, sold at wholesale at about $1.50 to $1.75 per dozen pairs, made of No. 80 combed yarn, weighing 8 ounces per dozen pairs:

	Germany.	United States.
Yarn	$0.28	$0.40
Other material	.15	.25
Wages	.25	.95
Mill expenses	.12	.15
	.80	1.75

Difference in cost, 95 cents; duty collected, 40 cents.

Comparative cost of a lady's lisle glove, sold at wholesale at about $2.50 to $2.75 per dozen pairs, made out of 160/2 lisle yarn, weighing about 10 ounces per dozen pairs:

	Germany.	United States.
Yarn	$0.60	$0.90
Other material	.20	.30
Wages	.35	1.35
Mill expenses	.20	.25
	1.35	2.70

Difference in cost, $1.35; duty collected, 68 cents.

Cotton gloves are now classed as cotton wearing apparel, and are assessed under paragraph 314 of the Dingley Act.

Inasmuch as the present rate of 50 per cent ad valorem is absolutely inadequate, and inasmuch as the law about to be framed is supposed to protect American industries to the extent of the difference between the American and the foreign cost (to say nothing of a margin for profit) we respectfully ask that your committee fix a rate of duty on cotton gloves that will make it possible for us to get at least a share of the American trade, and that will put us on a competitive basis with the European mills, who are now monopolizing this particular industry. With this end in view we would suggest that cotton gloves be taken out of their present classification, and made dutiable under a new paragraph, to read as follows:

Gloves and mittens, including those commercially known as "fabric gloves" composed of cotton or other vegetable fiber, finished or unfinished, valued at not more than one dollar per dozen pairs, eighty cents per dozen pairs. Valued at more than one dollar and not more than one dollar and fifty cents per dozen pairs, one dollar per dozen pairs. Valued at more than one dollar and fifty cents per dozen pairs and not more than two dollars per dozen pairs, one dollar and fifty cents per dozen pairs. Valued at more than two dollars per dozen pairs and not more than three dollars per dozen pairs, two dollars per dozen pairs. Valued at more than three dollars per dozen pairs, eighty per centum ad valorem.

The above to be the minimum rates, and the maximum rate to be twenty per centum ad valorem in addition to all the foregoing.

Most respectfully submitted.

THE E. RICHARD MEINIG CO.,
GEORGE D. HORST, *President, Reading, Pa.*
READING GLOVE AND MITTEN MANUFACTURING CO.,
JNO. H. MALTZBERGER, *Secretary.*

SPUN SILK AND SCHAPPE.

SIDNEY BLUMENTHAL, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF FOR AMERICAN MANUFACTURERS.

NEW YORK, *December 16, 1908.*

Hon. E. J. HILL,
House of Representatives, Washington, D. C.

MY DEAR SIR: The opportunity for securing such facts as we intended to lay before the Committee on Ways and Means not having been sufficient in point of time to allow us to have them ready when we had the privilege of presenting our brief on December 1, I take the liberty of inclosing an additional statement which I ask you to kindly bring to the attention of the Committee on Ways and Means so as to supplement and strengthen the recommendations we have made with regard to a specific duty on spun silk, schappe, etc., substantially as proposed in the schedule which was suggested to take the place of the one now in operation, covering paragraph 385, by the Salts Textile Company, Bridgeport, American Velvet Company, Stonington, and Sidney Blumenthal & Co. (Incorporated), Shelton, all of Connecticut, representing themselves and other manufacturers. We are entirely at the command of the Committee on Ways and Means for any further information that is in our power to furnish.

Thanking you for your courtesy, I am,

Yours, very truly,

SIDNEY BLUMENTHAL, *Treasurer.*

NEW YORK, *December 16, 1908.*

The WAYS AND MEANS COMMITTEE,
Washington, D. C.

GENTLEMEN: Since we appeared before your honorable body on December 1, we have had an opportunity to compile some further information, not available to us up to that time, which we respectfully submit for your consideration, in conjunction with the brief already filed.

The following is a list of the importations of spun silk and schappe yarns according to the figures compiled by the United States Government:

For the year—	Total pounds imported.	Average foreign value.
1890	884,000	$2.15
1891	1,820,000	2.15
1892	490,000	2.23
1893	758,500	1.77
1894	437,500	1.64
1895	843,000	1.51
1896	783,000	1.28
1897	782,000	1.35
1898	957,000	1.23
1899	1,703,000	1.15
1900	2,320,000	1.52
1901	1,645,000	1.52
1902	2,002,000	1.45¼
1903	1,923,000	1.46¼
1904	2,052,000	1.48
1905	2,304,000	1.34
1906	2,253,000	1.45
1907	2,545,000	1.50

Eighteen hundred and ninety was the last year prior to the enactment of the McKinley tariff. The McKinley tariff being in operation from 1891 to 1895, was succeeded by the Wilson tariff from 1896 up to part of 1898, and the Dingley tariff, now existing, followed at the compound rate which is now prevailing. During the McKinley tariff the rate was 35 per cent, the Wilson tariff then followed with 30 per cent ad valorem and was succeeded by a compound rate of duty intended to restore the duties to an equivalent of 35 per cent, the point at which they were operative during the existence of the McKinley tariff. We respectfully submit that in estimating an equivalent for the ad valorem of 35 per cent the Dingley tariff was based on the value of importations, as they were made into the ports of the United States during the preceding years of 1896, 1897, 1898. It will be noticed that the average values of all importations during 1896 was $1.28; 1897, $1.35; 1898, $1.23; 1899, $1.15 per pound, the average value rising for the year 1900 to $1.52 and falling back to $1.34 in 1905. Taking this period of ten years, from 1896 to 1905, inclusive, as a basis it will be seen that the average value is somewhere between $1.15 and $1.52 for the purposes of estimating the point at which a specific duty can be fairly imposed. It will be conceded that a specific duty, if fair to the Government and to the producer in this country at a normal time, becomes doubly effective, both from the point of revenue and from the point of protection in times of depression, and is only slightly lowered in pecentage at a time when the revenues are naturally increased by the larger business which causes the advance in raw materials and always at a time when the producer himself suffers least from foreign competition, a competition which is mainly injurious at times when low-priced raw materials and excess stocks on hand threaten to make it unfair.

During the period of ten years, since the compound rates now prevailing have been in existence, over 20,000,000 pounds of Schappe and spun-silk yarns have been imported into the United States. As a matter of fact, the imports of spun silk have increased between 1890 and 1905, according to the statistics of the United States Census, to the extent of 190 per cent, whereas the number of employees and the wages involved in the production of silk goods of all kinds in this country have increased by only 60 per cent, and the estimated increase of spun-silk yarns made in this country during the same period is hardly 50 per cent.

According to the census statistics of the year 1900, pages 203 and 204, the production of velvets in this country aggregated $4,959,971, chiefly in the popular grades, such as go largely into the consumption and are bought by the wage-earner of the United States. In spite of the fact that the manufacturers of these goods, through improvements in machinery and cutting down of profits, have reduced the prices of the manufactured velvets considerably during that time, it is estimated that the production of velvets and plushes in this country is now hardly less than $7,000,000, an increase of fully 40 per cent in eight years.

A still larger increase has resulted in the use of spun silks for the weaving of silk fabrics other than pile fabrics.

Furthermore, we draw your attention to the report recently issued showing that the invoice value of the importations for the year ending

June 30, 1908, 2,140,848 pounds of spun silk (of a foreign value of $3,702,232), practically equaled those for the year ending June 30, 1907, of 2,545,000 pounds, at a foreign value of $3,789,845.

If the average value of imports of the years from 1896 to 1899, on which the Dingley tariff was based, is taken at $1.28 and is compared with the average value of the importations for the year ending 1908, which is $1.72, it will be seen that the consumer in 1908 was made to pay 33 per cent more duty than that which was contemplated by the schedule of the Dingley tariff bill at the time it was made effective in 1898.

Under dates of December 12 and 16, 1908, we have on file letters from the representatives of the two largest spinners of Schappe and spun silk in the world, certainly the largest importers of materials into the United States, the Société Anonyme de Filatures de Schappe of Lyons, and the Société Industrielle pour la Schappe of Basle, as follows:

Referring to your verbal request, below statement of percentage of numbers of Schappe yarns, shipped to the United States by the Société Anonyme de Filatures de Schappe, Lyons, for eighteen months from June 1, 1907, to November 30, 1908.

Numbers.....	50	70	80	85	100	110	120	140	160	200	250
Percentage...	1.26	8.89	1.07	1.16	35.78	1.02	0.20	5.52	11.30	33.97	0.10

The proportion of importations of Schappe yarn from Société Industrielle pour la Schappe, of Basle, expressed in percentage, were as follows:

	70.	80.	100.	120.	140.	160.	180.	200.	250.
1907	....	4.5	45.5	....	3.0	8.75	0.75	37.5	....
1908	5.25	4.5	40.0	0.25	3.0	4.00	0.375	44.5	0.125

Taking these importations as a basis for the application of specific duties such as we have proposed to the Ways and Means Committee, it is plain that the basis we have suggested would be, not only specific but also as equitable as the rates of duty heretofore prevailing. If the duty had been collected according to the aforesaid purely specific schedule, as submitted to your honorable committee, for the importations of the year 1907, it would have amounted to $1,328,875 as against the duties actually collected of $1,427,480. These were collected on an average foreign value basis of $1.50. This ($1.50) we contend is a price higher than that which served the framers of the Dingly tariff bill as a basis for computing their compound rate of duty which was intended to be equivalent to 35 per cent. Per contra, if the rates of duty we propose would have been applied to the importations for 1907 at an average foreign value of $1.40 they would have been just equal to the duty collectable under Dingley rates. One dollar and forty cents is considerably higher than the average value prevailing in the years just before and after the framing of the Dingley tariff.

The importations of the two companies whose figures are taken for this comparison are computed by number, or count, or size, because:

First. There are no government statistics accessible giving such information, grouped otherwise than by value.

Second. These two companies in the aggregate furnish (conservatively estimated) from 70 to 75 per cent of all the importations

made into the United States, and it is fair to presume that the figures which they have compiled as to their importation would reasonably apply to the importations as a whole.

Respectfully submitted.

SIDNEY BLUMENTHAL & CO. (INCORPORATED),
SIDNEY BLUMENTHAL, *Treasurer.*
THE SALTS TEXTILE MANUFACTURING CO.,
FREDK. E. KIP, *President.*
THE AMERICAN VELVET CO.,
CHAS. A. WIMPFKIMER, *President.*

SCHEDULE M—PULP, PAPERS, AND BOOKS.

BOOKS.

TRUSTEES OF NEW YORK PUBLIC LIBRARY, ASTOR, LENOX, AND TILDEN FOUNDATIONS OPPOSE INCREASE OF BOOK DUTY.

NEW YORK, *December 21, 1908.*

Hon. SERENO E. PAYNE,
Ways and Means Committee, Washington, D. C.

DEAR SIR: By direction of the trustees of the New York Public Library, Astor, Lenox, and Tilden foundations, I have the honor to transmit to you herewith an attested copy of a minute and resolutions adopted by the trustees on December 9, 1908, upon the subject of an effort which, as they are informed, is now being made to increase the duty now levied on books and other printed matter imported into the United States, and to remove from the free list all classes of books now included therein.

Yours, respectfully, C. H. RUSSELL, *Secretary.*

THE NEW YORK PUBLIC LIBRARY, ASTOR, LENOX, AND TILDEN FOUNDATIONS.

At a meeting of the trustees of the New York Public Library, held in the city of New York, on Wednesday, December 9, 1908, the following minute and resolutions were adopted:

The trustees of the New York Public Library have learned with deep regret that an effort is making to increase the duty now levied on books and other printed matter imported into the United States, and to remove from the free list all classes of books now included therein.

The existing tariff imposes a duty of 25 per cent ad valorem on books, excepting, however, first, books printed wholly in foreign languages; second, books in English which have been printed more than twenty years; third, books imported for the use of the United States or the Library of Congress, or for the use of libraries, educational institutions, or societies of a literary or scientific character.

An import duty on books differs entirely in its effect upon the manufacturer from other duties, in that the copyright laws afford protection to authors and publishers quite apart from the tariff.

The protection afforded, moreover, is extremely limited, affecting only such imported modern books and periodicals as are printed in English. So far as it goes, however, the duty is a tax on knowledge and education; an unwise tax in a republic, the existence of which must always depend on the intelligence of its citizens.

The removal of books for public libraries from the free list will be distinctly a backward step, as the exemption as now existing has been the law for many years, and the result will be the imposition of a serious tax upon a class of institutions which have always been favored or supported by all enlightened governments.

This board, therefore, respectfully protests against any diminution of the privileges that libraries now possess; and further expresses the opinion that all import duties upon books and other printed matter should be entirely abolished.

Resolved, That an attested copy of the foregoing minute be sent to each member of the Committee on Ways and Means of the present House of Representatives and to each Member of the House representing the State of New York.

Resolved, That the executive committee be and it is hereby authorized to take such measures as it may think proper to have the views expressed in the foregoing minute presented to the committees of the present and the next Congress, either orally or otherwise as may be thought most expedient.

A true copy from the minutes.

Attest:

C. H. RUSSELL,
Secretary of the Trustees of the New York Public Library.

(The above resolution was concurred in by the trustees of the Brooklyn Public Library, December 15, 1908. Similar resolutions were adopted by the Free Public Library of Newark, N. J., John Cotton Dana, librarian.)

HON. J. VAN VECHTEN OLCOTT, M. C., FILES LETTER OF C. R. CORNING, NEW YORK CITY, ADVOCATING FREE BOOKS.

NEW YORK, *December 8, 1908.*

Hon. J. V. V. OLCOTT, M. C.,
Washington, D. C.

MY DEAR MR. OLCOTT: I find on my desk a memorandum calling for a letter to you concerning the tariff on books which we discussed at the Union League Club a short time since.

The United States is one of the very few civilized countries in which a protective tariff on books is maintained. I view this tariff as affecting principally three classes in the community—the author, the printer, and the consumer. Provided the author's copyrights are protected, to which there is no objection in the world, the other two alone remain for consideration.

The printer is not dependent on the work of publishing books in this country for his livelihood. The consumers may be divided into those to whom a rise in the price of the books does not make any material difference, but there is a very large intellectual class which, as a rule, is not wealthy and which needs a great many books, which are now burdened with a heavy duty for its work. This class is composed of college professors, college students, professional men of all kinds, such as engineers, architects, lawyers, chemists, physicists, and others. While it may be said that professors and students can avail themselves of the libraries of the institutions which they are

frequenting, I know from personal experience how difficult it was when I was a student to at times secure the very books I needed most, because some one else needed them at the same time and they were not in the library. Reference to books of this nature in the library of an institution is often not at all the equivalent of a private ownership, as you will readily understand.

At the present all non-English books are free and all English books more than 21 years old are also free. All other English books pay 25 per cent duty, and not only is this duty payable, but the customs administration of the law in this matter is often of the most unfair. I have come across this matter personally as chairman of the library committee of the Union League Club. When I ordered Stieler's Atlas, a German publication with all its descriptive wording in German, for the use of the library, although it is printed, published, and essentially German, the New York custom-house classed it as an English book because certain geographical names were English. They were English simply because there are no German equivalents and they are, so far as all intents and purposes are served, used in German as German words.

It would be an immense boon to a very large class in this country if all books and all bindings on such books, if of plain character, were made free of duty. I speak particularly of bindings because a great many books published in English are published without bindings; they are simply bound when they come from the press in plain linen or similar material instead of a paper cover, which is the method prevailing on the Continent.

Hoping that something may be possible in this matter, I remain,

Yours, very truly,

C. R. CORRING.

JEROME D. GREENE, SECRETARY OF FACULTY OF HARVARD UNIVERSITY, WRITES IN ADVOCACY OF FREE BOOKS.

WASHINGTON, D. C., *December 19, 1908.*

Hon. S. E. PAYNE,

Chairman Committee on Ways and Means.

MY DEAR MR. CHAIRMAN: I am inclosing herewith letter from Mr. Jerome D. Green, who is secretary of the faculty of Harvard University.

Sincerely, yours, H. S. BOUTELL.

CAMBRIDGE, *December 17, 1908.*

Hon. H. S. BOUTELL, M. C., *Washington, D. C.*

DEAR SIR: I hope that the cause of education and of the diffusion of culture throughout this country will not suffer longer the handicap which purely mercantile interests are imposing by their support of the present duty on books printed in England. Whatever may be said about the interests of the consumer as compared with those of the protected manufacturer or artisan in other industries, it seems perfectly clear that the interests of the consumer are paramount where culture is concerned. It would be no more unjust or inexpedient,

though doubtless more difficult, to impose a tariff on the importation of ideas than to put an obstructive tax on books and works of art. When one considers the large sacrifices which the people of Illinois and Wisconsin, for example, make to support their educational system—and those States are merely leaders in a movement which characterizes the entire country—it seems inconceivable that the commercial interests of an insignificant number of men should be allowed to stand in the way of what is really one and the same cause, namely, that of popular education and enlightenment.

Sincerely, yours,

JEROME D. GREENE.

CHILDREN'S BOOKS.

CERTAIN IMPORTERS OF CHILDREN'S TOY BOOKS REQUEST A REDUCTION OF DUTIES THEREON.

NEW YORK CITY, *December 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
House of Representatives.

SIRS: On behalf of importers of children's toy books (Raphael Tuck & Sons Company, Kaufmann & Strauss, E. P. Dutton & Co.) I respectfully request a reduction of the duties now provided in paragraph 400 of the tariff act for children's books containing illuminated lithographic prints.

The duty provided in the present act is 8 cents a pound. This amounts, as will be shown by figures subjoined, from 45 to 62¾ per cent ad valorem. These books were formerly imported in large quantities. The present tariff is so high that it has driven the imported article from the market, and thus deprived the United States of considerable revenue which it obtained from this class of goods prior to the enactment of the Dingley tariff. It has also enabled the American manufacturer to raise his prices on this class of goods and increase the cost to the consumer. We respectfully ask for a reduction of the duty from 8 to 5 cents a pound. The reduced duty proposed would average from 28 to 40 per cent ad valorem, which would be, we submit, a sufficiently high duty upon this class of goods to produce a substantial revenue and permit the importation of foreign books, which represent a higher quality of artistic work than the corresponding domestic article.

The firm of Raphael Tuck & Sons Company have, by reason of the prohibitory tariff on these goods, if imported, been having them made here by a well-known domestic manufacturer, and it has been found that the price of the article here is about equal to the price of the corresponding book in Germany, so that the domestic manufacturer needs no protection.

I submit herewith Exhibit 1, which consists of six toy books marked respectively "A," "B," "C," Ca," "D," and "E." These books are all printed here with the exception of "Ca," which is printed abroad and which if compared with the others will show the superior quality of the foreign work. The following is a statement of the foreign cost and the landed cost here (exclusive of freight, etc.) of the correspond-

ing foreign article, the rate of duty on the basis of the present law, and the selling price of the domestic book.

	Foreign price.	Equivalent in United States currency.	Duty.	Total landed cost (exclusive of freight, etc.).	Ad valorem equivalent of specific duty.	Selling price of American article per 1,000.
	Marks.				*Per cent.*	
A—2-penny toy books...	50	$12.00	80 pounds, at 8 cents per pound, $6.40.	$18.40	53⅓	$12.85
B—3-penny toy books...	65	15.60	100 pounds 8 cents per pound, $8.	23.60	51⅓	14.58
C—4-penny toy books...	90	21.60	150 pounds, at 8 cents, $12.	33.60	55⅗	31.25
D—6-penny toy books..	155	37.20	210 pounds, at 8 cents, $16.80.	54.00	45	37.22
E—Shilling toy books...	280	67.20	526 pounds, at 8 cents, $42.08.	109.28	66⅗	66.67

In view of the foregoing we respectfully submit that the rates are too high, and that the American manufacturer needs no such protection, nor in fact any protection. We ask that the duty be reduced from 8 cents to 5 cents. If this is done the specific duty will be an equivalent ad valorem to the following percentages for these books: A, 33⅓ per cent; B, 32 per cent; C, 34⅔ per cent; D, 28½ per cent; E, 40 per cent.

We submit that these proposed rates would be quite as high as ought to be imposed on these goods. They will bring in a substantial revenue to the Government, enable the importers to bring in these goods, and by competition with the domestic manufacturer reduce the price to the consumer, and will afford the manufacturer all the protection that he needs or ought to have.

There is no reason why the duty on toy books should be made higher than on toys generally, which are subjected to a duty under the present act of 35 per cent. We do not suggest this rate, because experience has shown that it is better to preserve the specific duty system and avoid all questions of undervaluation.

W. WICKHAM SMITH.

LITHOGRAPHIC PRINTS.

IMPORTERS OF LITHOGRAPHIC PRINTS URGE RETENTION OF METHOD AND FORM OF THE DINGLEY ACT.

NEW YORK, *December 18, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: On behalf of the leading importers of lithographic prints of the United States, I beg to submit the following brief with reference to the duties to be provided in the proposed new tariff act for this class of goods now covered by paragraph 400 of the existing law. Specifically, this brief is intended as an answer to the request made by the National Association of Employing Lithographers, through the chairman of their tariff committee, Mr. George R.

Meyercord, presented to the committee on November 21, 1898, and reported in Tariff Hearings, pages ——.

The parties whom I represent are the firms of Messrs. E. P. Dutton & Co., Raphael Tuck & Sons Company (Limited), International Art Publishing Company, W. Hagelberg & Co., Art Lithographic Publishing Company, Kaufmann & Strauss Company, of New York City, and Wolf & Co., of Philadelphia.

The American manufacturers, who admit that they now control five-sixths of the trade in this business—Mr. Meyercord admitted that the domestic production in 1905 was $25,000,000 and the total importations about $4,000,000—are certainly modest in their demands, for the increases they suggest would, as will be hereafter shown, make the duties on many of these articles 200 and 300 per cent ad valorem, and thus of course prohibitory. In this connection the following questions and answers, page —, are significant:

Mr. CRUMPACKER. You want the tariff high enough so as to practically compel them to buy American goods?

Mr. MEYERCORD. Give us free trade in our own home market; that is all we want and we will lick him.

Mr. CRUMPACKER. If you had the increase in the schedule of tariff you ask for, it would probably prohibit the importation of any foreign product, would it?

Mr. MEYERCORD. We want free trade in our home market; that is all we want. I am a free trader above the 51 per cent basis.

Mr. Meyercord begins by stating, page —:

There have been numerous court decisions, and great confusion as to paragraph 400. It is probably one of the most confusing paragraphs to be interpreted in the entire Dingley tariff act.

It would seem that if it had been confusing, and numerous court decisions had been made under it, that the confusion would have been nearly, if not wholly, clarified. Mr. Meyercord's proposition is to introduce an entirely new and complex scale of duties, which would certainly make confusion worse confounded.

As a matter of fact there is no confusion about paragraph 400 excepting in Mr. Meyercord's imagination.

Prior to 1890 lithographic prints, like other printed matter, were dutiable at 25 per cent. The McKinley tariff act, which was considered a protective tariff, put all these goods on a basis of 35 per cent duty. When the Wilson tariff act was framed the paragraph corresponding with paragraph 400 (paragraph 308, act of 1894) was framed after a conference between the manufacturers and the importers held in Washington, and the draft was made under the supervision of General Appraiser Sharretts, an expert assisting the committee in the preparation of the bill.

There is little, if any, difference between the provisions of the Wilson bill and the provisions of the Dingley bill. These latter provisions were also the result of an agreement between the domestic manufacturers and the importers.

When Mr. Meyercord suggests there is great confusion in paragraphs which were twice agreed on by all conflicting interests, and which in the first instance were put in form by a tariff expert and a member of the Board of General Appraisers, he ought to cite some proof in support of his assertion.

At page — in answer to a question of Mr. Crumpacker, Mr. Meyercord stated that the domestic manufacturers had larger protection

under the Wilson-Gorman Act and that the rates were higher in that act than under the Dingley law. One has only to read paragraph 308 of the act of 1894, and paragraph 400 of the act of 1897 to see for himself, without being an expert, that Mr. Meyercord's statement is without foundation. Mr. Meyercord states that the manufacturers of lithographic prints in Germany sell goods in this country below the market price for the same goods in Germany, and in some cases bill goods to their own branch offices in this country at less than the market price there. As the duties on these goods are specific, and the duty is in nowise affected by the value there is no reason why the foreign manufacturers should undervalue their goods, and as to how the price they sell them here compares with the price at which they sell them in Germany, it is difficult to see how the Government is concerned with it.

The ground assigned by the American lithographers for the enormous increase of duties which they propose will not bear investigation, and we desire to submit the following reply to it:

(1) They say that the volume of importations is constantly increasing. This would furnish no ground for their application even if it were true. As they admit, the importers have only about one-sixth of the business there would be no occasion for alarm or drastic tariff legislation even if the importers' share was increasing to one-third or one-half, but as a matter of fact the statement is misleading.

The imports of Christmas cards, calendars, booklets, and novelties are not increasing, but are decreasing. There has been a very considerable increase of rate in the importations of post cards, because the craze for these articles, which ran its course in Europe and is now dying out, has been very great in this country, especially during the past year. The importations of post cards during the past year has been $3,000,000 worth, but the demand is decreasing; the popularity of these articles is on the wane, and it is a question only of time and apparently a very short time when the demand will drop off in this country, as it has already done in Europe.

(2) The argument based on labor cost is wholly misleading. The statements of Mr. Meyercord as to the cost of labor in Europe are very incorrect. Mr. Samuel Gabriel, of the firm of Raphael Tuck & Sons Company, who has been visiting Europe annually for over twenty years and knows the market conditions abroad most thoroughly, can testify that competent pen and crayon artists receive from 80 to 100 marks a week, and not from 32 to 36, as stated by Mr. Meyercord. Corresponding artists in this country earn from $30 to $35 per week. It can be abundantly shown that Mr. Meyercord's figures for foreign labor should be at least 50 per cent higher. Mr. John Macrae, vice-president of Messrs. E. P. Dutton & Co., a firm of the highest standing, which has been in business for fifty years in the city of New York, states that the wages paid in the factory in Nuremberg, which supplies this firm with goods are from 30 to 100 per cent higher than Mr. Meyercord's estimates. Moreover, the American workman is so much quicker and more efficient than the foreign workman that he can do double the quantity of work in a given time.

Not only are the actual wages paid in Germany higher than as stated by Mr. Meyercord, but the owners of factories there have to pay certain insurance and hospital taxes, which further increase the actual cost of labor in the production. The correctness of our state-

ments and the incorrectness of Mr. Meyercord's on this phase of the question are borne out by the fact that the importers are unable to compete with the domestic manufacturers on all but the highest class of goods; that the domestic manufacturers have five-sixths of the business, and finally by the fact that during the recent strike of lithographers in this city the employers made every effort to persuade Eurpoean artists to come to America, offering them special inducements. These artists investigated the matter of relative wages in their own country and in this, and not a single one of them was induced to run away from the starvation wages abroad. The same was true of the transferers and feeders.

(3) In this, as in many other cases, the American manufacturer is seeking to establish rates of duty which will be prohibitory of importation on goods that are not made here at all, and thus diminish the revenues without any corresponding benefit to themselves. Such goods as Christmas cards, fancy calendars for retail stationers and booksellers, Christmas booklets, valentines, and Easter booklets, cards, and novelties have never been successfully made in this country, and the American lithographers now propose rates of duty on them from 100 to 300 per cent higher than the present rate, which would largely, if not wholly, exclude their importation.

(4) The American lithographers propose that post cards shall in future be assessed as "material not exceeding eight one-thousandths of an inch at 30 cents a pound." The present rate of duty is 5 cents a pound, so they are asking to have it multiplied by six. One of my clients, Messrs. Raphael Tuck & Sons Company, are large importers of this class of goods. They cost, to make abroad, 8 marks, or $2, per thousand. The weight is 12 pounds to the thousand. The present duty at 5 cents a pound is therefore 60 cents a thousand, or about 30 per cent. The proposed rate being six times this would be about 180 per cent. It would amount to $3.60 a thousand. Now, it happens that the firm to which I have referred has a number of cards printed here by domestic lithographers. Two of these, the Niagara Lithographic Company and the American Lithographic Company, are members of the association represented by Mr. Meyercord. A third firm, the J. Ottmann Lithographing Company, are doing a large business in the United States. I append as Exhibit A post cards made by these domestic lithographers, with their bills for the same, which, as will be seen, are from $1.25 to $1.75 per thousand, so that without any regard to the foreign cost of these cards or the expense of getting them here, or any profit to be made on them here, the American lithographers are asking for a duty which is more than double the price at which they sell their own product. I can conceive of no more impressive proof of the outrageousness of their demands.

(5) The loss of business by the American lithographers is not caused by the cheapness of lithographic work abroad, as has already been shown. It is largely caused by the fact that lithographic goods are to an increasing extent displaced by goods which are not lithographed, but which are the product of the three and four color process of printing recently invented. Formerly all fine color work had to be done by the lithographic process. This is no longer the case. Fine goods are produced by this three and four color process, and these goods are making inroads on the business in lithographic prints, both abroad and in this country. No increase of duty on

lithographic prints will protect the domestic manufacturer from this competition.

(6) The American lithographers propose to increase the duty on artistic calendars and Christmas cards from 5 to 8 cents a pound, according to thickness of cardboard, to 30 and 36 cents a pound. These articles are not and never have been made here. To increase the duties on them from 350 to 500 per cent means practically to prohibit their importation. They are bought by all classes of people at the Christmas season and have come to be looked on as one of the most attractive features of Christmas celebration. Why they should be utterly barred out at the behest of people who have nothing to gain by this act of vandalism it is difficult to imagine.

(7) Mr. Meyercord tells us that the increase of lithography in America amounts to just 25 per cent, as against an increase of 30 per cent in that of imported lithographic prints. In view of the fact that American lithographers, according to their figures, turn out annually 25,000,000, while the imported, including every conceivable sort of lithographic prints, amount, according to their own figures, to less than $5,000,000, the increase in actual figures amounts to 25 per cent of $25,000,000, equal to $6,250,000, while 30 per cent of $4,911,102 amounts to less than $1,500,000. This increase of domestic business (more than four times the increase of importations) was in spite of the unusual demand for post cards last year and of the enormous advance which three and four color printing has made in the United States.

In conclusion, I respectfully submit that the present form and method of the Dingley Act should be adhered to in any new act contemplated by the Ways and Means Committee. The Dingley lithographic schedule is the result of years of investigation, work, and compromise of the American lithographers, the importers of lithographic goods, and of tariff experts. The specific rate of duty is preferable, because it avoids any possibility of undervaluation and removes any suspicion that might arise in the minds of the Government or of the American manufacturers that these goods are undervalued.

W. WICKHAM SMITH.

E. P. DUTTON & CO., NEW YORK CITY, IMPORTERS, URGE MAINTENANCE OF PRESENT SCHEDULE FOR LITHOGRAPHIC PRINTS.

NEW YORK, *December 18, 1908.*

Hon. SERENO E. PAYNE,

Chairman of Ways and Means Committee, Washington, D. C.

DEAR SIR: We take the liberty of writing you regarding the statement made before your committee by Mr. George R. Meyercord, chairman of the tariff committee of the National Association of Employing Lithographers. Mr. Meyercord and his committee of American lithographers clearly intend, if given their way, to make the duty on lithographic prints prohibitive.

Believing that it is your intent to get such information as is available, and to prepare a tariff schedule that will be just and fair to all interests concerned, we appeal to you regarding this lithographic schedule.

The high standing of our house entitles our statements regarding this schedule to a hearing from you and your committee. Our

individual imports of lithographic articles are those of the very highest order of workmanship. The lithographic goods imported by us are practically all souvenirs for Christmas, Valentine, Easter, and birthday remembrances. They consist of calendars, booklets, cards, and novelties. The class of goods imported by us are such as have never been made to any extent in this country, and it is not likely they will be made here.

If Mr. Meyercord's proposals should be incorporated in your coming revision of the tariff, it would increase the rates of goods imported by us from 40 per cent to 300 per cent. The duties would range from 45 per cent at the very minimum and range to 100 per cent. We estimate the average about 60 per cent ad valorem. You are doubtless aware of the history of import duties on lithographic materials.

Prior to the McKinley Act the lithographic goods were imported as printed matter, with a duty of 25 per cent. The McKinley bill separated the lithographic products and assessed a duty of 35 per cent ad valorem. The American manufacturers and the Government were continually feeling that certain importers of these products undervalued them.

When the Wilson bill came up for discussion there was a long and bitter struggle concerning the lithographic schedule. Finally Chairman Jones, at the request of Senator Gorman, notified both the importers and the American manufacturers that they must come together and harmonize on an equitable rate of duty, fair to the principal interests on both sides. The Wilson-Gorman tariff was the result, and the principal parties on both sides signed an agreement in Washington, and their suggested schedule—with certain modifications—was finally passed by Congress.

When the Dingley tariff came up for discussion, many of the more prominent American manufacturers and importers had a conference in New York, and agreed after considerable discussion to request Mr. Dingley and the Ways and Means Committee to incorporate the Wilson tariff practically as it stood in the new Dingley tariff. This was practically done, with some modifications.

Later, however, there was considerable dissatisfaction, and the schedule was made and remade a number of times. After a good deal of hard feeling and bitterness and fighting on both sides, the principal interests of American manufacturers and importers met in Washington and signed an agreement to accept the present schedule—paragraphs 398 and 400—as practically satisfactory to the interests concerned. The American lithographers had a very strong influence, and practically had everything that Congress could possibly feel was just given them in the McKinley bill, the Wilson bill, and the Dingley bill. The agreement made and signed for the Dingley tariff, I am informed, is still in existence, in the hands of the Treasury Department in Washington or at the appraisers' stores in New York.

I take the liberty of giving you somewhat of the history of this lithographic schedule, to show you that the present schedule is the result of many years of work, dissension, and discussion by all parties concerned. The American lithographers are amply protected by the present schedule. In fact, in many instances the protection is overhigh.

Owing to the peculiar nature of the lithographic business, it is well-nigh impossible for the Government, or individuals, to know what the foreign value of these articles is. The question of originals, which varies so tremendously between artists, and the question of the difference between an edition of, say, 1,000 or 50,000, makes the determining of values well-nigh impossible from an ad valorem standpoint.

The specific rate of duty puts all importers on an equal basis. The question of size, thickness, and weights is paid for equally by all, and the American manufacturer knows just what the duties would be under certain conditions.

We can speak most positively that the lithographic imports of our house are less now than they were prior to the Dingley Act. We are informed by most of the other large importers of lithographic prints that their imports of lithographic prints has decreased rather than increased.

There has been a large volume of imports of picture post cards. We are told that something over $2,000,000 per year, for several years, have been imported in this line alone. The picture post card business has been a great craze in Europe, but is now rapidly dying out. The picture post card business here has also been a craze, but has, in our judgment, reached its height, and we are importing practically no general view post cards and a limited number of Christmas, valentine, and Easter postals. We feel assured that the importation of picture post cards will materially decrease in the next few years. This post card business more than accounts for any increase in the lithographic schedule during the past few years.

The reason why certain American lithographers have felt dissatisfied with their net earnings in recent years is largely traceable to the rise of three and four color printing. Formerly all good color work had to be done by the lithographic process. Now some of the finest color work done is of the three and four color process. Pictures, illustrations for books, children's color books, toy books, post cards, and all kinds of color work are done, and done successfully, by the three and four color process. Even the most technical and difficult of the famous old masters' paintings have been and are reproduced by this three and four color process.

Mr. Meyercord and his associate members overstate the supposed amount of lithographs imported into the country, and they largely understate the actual wages paid to foreign, especially German, lithographers and labor connected with the lithographic trade.

The American lithographers are constantly reprinting the best of our designs, and using them in whole or in part in toto, practically stealing them from us without ever so much as "by your leave," and are able to produce these designs and sell them on the American market at prices less than we actually pay for the same articles landed in New York. This is proof positive that the present rate of duty is more than sufficient for protection.

As the present schedule is the result of years of work and compromise, as it now stands it is working in a fairly satisfactory way to the importers, and by Mr. Meyercord's own statements it is producing certainly all the protection that the American lithographers are entitled to.

We earnestly petition you that you maintain the present schedule, and if you feel it necessary to make certain changes to make those changes on the basis of the present schedule. Since the enactment of the Dingley tariff we, and all the importers, have had considerable difficulty in the working of the schedule. These various disputes have from time to time been taken into the courts and before the Board of General Appraisers, and have now practically all been decided, so that both the importers and the American lithographers know just the results of the working of the Dingley Act.

If you contemplate making any change in the Dingley Act, we earnestly hope you will give us an opportunity of presenting our case before you and your committee. There is one part of the Dingley Act—that part specially referring to books for children's use containing illuminated lithographic prints weighing under 16 ounces—that should be changed. These children's color books are manufactured principally in Germany, and are of the highest art color work. The present rate of 8 cents per pound is practically prohibitive, shutting out all but a few of the very highest order. We believe this duty should be reduced from 8 cents per pound to 5 cents per pound.

In conclusion, we emphasize again the fact that what Mr. Meyercord and his committee ask for is not protection but for prohibition, and we assure you and the gentlemen of your committee that the rates asked for would prove prohibitive.

We refer to the schedule as specifically applying to lithographic prints, as we know nothing concerning the cigar labels, flaps, and bands and have no interest whatever in these items, or in any form of labels.

Thanking you in advance for the courtesy of receiving this protest, we are,

Faithfully, yours, E. P. DUTTON & Co.

GEORGE R. MEYERCORD, CHICAGO, ILL., FILES SUPPLEMENTAL STATEMENT RELATIVE TO FOREIGN LABOR.

CHICAGO, *December 1, 1908.*

Mr. WILLIAM K. PAYNE,
Clerk Committee on Ways and Means, Washington, D. C.

DEAR SIR: On page 1039 of the tariff hearings of Saturday, November 21, the chairman asked me to file some statistics as to where we got our prices on labor shown in the brief.

We inclose herewith two original letters, one from the firm of G. Lowensohn, a lithographer in Furth, Bavaria, South Germany; also a letter from Segitz & Neidhardt, who quoted the rate of wages paid by his customer, Richard Fuchs, a lithographer in Berlin. I also inclose translated copies of both letters.

Comparison of these wages with the schedule paid by the National Association of Employing Lithographers will show the rate to be exactly one-fourth, as we claim. I may state that I will probably secure a copy of the agreement between the employers association and the union in Germany. Failing in that, I will probably secure a

printed copy of the official scale of either the employers or the unions in Germany.

I further desire to make this offer: The Ways and Means Committee can, at their pleasure, send a special agent to any member of the National Association of Employing Lithographers, who will throw open his books for an investigation as to wages paid and the percentage of gross sales they bear, and to arrive at an average the special agent is perfectly at liberty to go into a dozen or more firms belonging to our association and investigate anything he wishes, and thus corroborate our statements. We will throw wide open the books of any member of our association. The special agent can pick at random whichever firms he wishes.

I also inclose copy of the official publication of our association, giving shop rules and quoting wage statistics.

Page 1039, the chairman asks us to file by dollars, not by quantities, the percentage compared to the whole amount of the various items entering into the manufacture. I quote this list below:

	Percentage of total cost of production.	Duty under present tariff.	Amount in dollars of total cost of production.
	Per cent.		
Wages	41		$7,175,000
Paper (surface coated)	29½	$0.555	5,162,500
Color	3	.30	525,000
Bronze powders and metal leaf	1½	.23½-.909	262,500
All other materials	16	.20-.45	2,800,000
Insurance, rent, and power	7		1,225,000
Superintendence	2		350,000
			17,500,000

Trusting this information is satisfactory and what the chairman wishes, I am,

Yours, very truly,

GEO. R. MEYERCORD,
THE MEYERCORD CO.,
Decalcomania Transfers.

EXHIBIT A.

FURTH (BAYERN) DEN, *September 1, 1908.*

Mr. CARL NEIDHARD,
Care Segitz & Neidhard:

In answer to your letter, I am pleased to give you herewith the wages paid to our lithographic help.

The minimum wages paid after the expiration of the apprenticeship of the lithographic artists as well as for the lithographic printers and transferrers in Germany are 19 marks, or equal to $4.75 per week. In general, the lithographic artists are paid, in accordance to ability, from 22 to 33 marks, or from $5.50 to $8.25 per week. Lithographic printers are paid directly after the time of their apprenticeship 19 marks, or $4.75 per week, and later on, in accordance with their ability, 22 to 33 marks, or $5.50 to $8.25 per week; lithographic transferrers from 25 to 30 marks, or from $6.25 to $7.50 per week. The help for sticking up transfer impressions and for finishing up the transfers from 25 to 33 marks, or $6.25 to $8.25 per week.

A regular scale of wages does not exist with us, for the reason, as explained above, the rate of wages is in accordance with the ability of the help in the different departments.

With kindest regards,

G. LOWENSOHN.

EXHIBIT B.

SEPTEMBER 5, 1908.

Mr. FRANK A. STECHER, *Rochester, N. Y.*

DEAR MR. STECHER: I have just received from one of my customers, Mr. Richard Fuchs, a large lithographic establishment in Berlin, Germany, the following information as to the scale of wages paid to the German lithographic workmen:

	Per week.	
	Marks.	Dollars.
Lithographic artists, one year after expiration of apprenticeship	21	5.25
Average workmen	25	6.25
Better class of workmen	30-35	7.50-8.75
Highest class of workmen or foremen	50 or more.	12.50
Lithographic pressmen and transferrers:		
Pressmen	30-40	7.50-10.00
Provers	25-35	6.25-8.75
For sticking up transfers	24-30	6.00-7.50
Transferrers	25-35	6.25-8.75
Foremen in printing room	40 or more.	10 or more.

We find the average number of hours of work to be the same as in the United States, eight hours for the artists, and nine for the printers and transferrers. In comparing the wages of the lithographic workmen in Germany with those that are being paid in the United States, we notice that the average for artists, printers, and transferrers is 30 marks, or equal to $7.50, while that paid in the United States is $25 per week, or 340 per cent higher than in Germany.

Yours, truly,

SEGITZ & NEIDHARDT,
Fuerth, Bavaria.

EXHIBIT C.

2 A. *Foremen.*—The foremen employed in the shops shall at no time be in any manner affiliated with any labor union whatsoever, but shall be nonunion men in the strictest sense of the term.

SHOP RULES OF THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS, AS AMENDED MAY 10, 1907.

1. No journeyman shall be employed, after the adoption of these rules, unless he signs the antistrike contract. [The board of directors ordered, May 10, 1907, that each workman signing an antistrike contract shall receive the protection contract.]

2. *Time.*—The hours of work of commercial artists, engravers, and designers shall be forty-eight hours per week, excepting in shops where forty-seven and one-half hours have been the rule, in which cases the houses shall have the privilege of continuing these hours; all other lithographic departments, fifty-three hours per week.

Overtime is any time other than the regular working hours of the establishment, even though the employee may not have worked the full regular time of the week in question, except when the regular time lost was due to the voluntary action of the employee. It shall be paid for at the rate of time and one-half. Legal holidays and Sunday work shall be paid for at the rate of double time.

All employees must be at their machines or benches ready to work at the starting signal and remain there until the stopping signal.

3. *Pressmen.*—Pressmen shall run two presses when required. In such case he shall receive extra pay, which shall be 40 per cent of the minimum scale price of the extra press which he shall run.

4. Pressmen, feeders, and tenders must do any work required to be done about the press in order to get it running.

When presses are not running, feeders and tenders must do any work required of them.

5. *Transferrers and provers.*—Journeymen transferrers and provers shall work with such help as the employer may provide.

6. *Rotation in employment.*—Journeymen may be employed to do either transferring or proving or running a press from time to time as may be required, but no man is to be paid less than the scale for the kind of work that he may be doing, nor shall his regular wages be reduced on account of such rotation of employment.

7. *Bonuses.*—Bonuses or premiums may be paid at the discretion of the employer only to employees who have been continuously employed for one year in the establishment paying the bonus, but no bonuses shall be used to determine a man's rate of wages.

8. *Piece and contract work.*—Piece work shall be allowed in the designing, art, and engraving departments. Contract work may be done also; but where a contractor in the employ of the members engages men under him, he must agree to conform to all association rules, as if he were a member of this association, provided that all piece work and contract men shall have an established rate of wages.

9. *Apprentices.*—Operation suspended until further order of the board of directors, in accordance with recommendation made at annual meeting National Association of Employing Lithographers, May 8, 1907, to the effect that the exact ratio of apprentices be fixed by the board of directors and be put in operation at such time as the board shall determine.

After the annual meeting of May, 1907, apprentices shall be as follows (these ratios not to be exceeded):

One apprentice transferrer to each three journeymen or major fraction thereof.

One apprentice prover to each three journeymen or major fraction thereof.

One apprentice engraver or artist to each four journeymen or major fraction thereof.

One apprentice pressman to each four journeymen or major fraction thereof.

Provided, however, that one apprentice shall be employed in each department in each shop.

In any shop on above date where the apprentice ratio exceeds the above no further apprentices shall be employed until the ratio is reduced to the above.

Apprenticeship term.—For designers, artists, and engravers, five years; for provers, transferrers, and pressmen, four years.

It is recommended that every apprentice, other than for designer, artist, or engraver, first serve a probationary term as feeder for six months, except the graduates of the Winona Trade School.

The apprenticeship term of graduates of the Winona Trade School shall in all departments be two years.

It is recommended that the following apprentice scale of wages be adopted throughout the country, but each group may determine upon a scale for itself:

For apprentice designers, artists, and engravers:

	Per week.
First six months	$3
Second six months	4
Third six months	5
Fourth six months	6
Fifth six months	7
Sixth six months	8
Seventh six months	9
Eighth six months	10
Ninth six months	12
Tenth six months	14

For apprentice provers, transferrers, or pressmen:

	Per week.
First six months	$4
Second six months	5
Third six months	6
Fourth six months	7
Fifth six months	8
Sixth six months	9
Seventh six months	10
Eighth six months	12

(This entire section in reference to apprentices is suspended pending action of the board of directors, in accordance with the notice printed at the beginning of this section.)

10. *Scale of wages.*—The following minimum scale of wages is hereby established for journeymen:

	Per week.
For proving and transfer departments	$20
Artists	20
Commercial engravers	20
Map and mechanical engravers	15
In the printing department:	
For Nos. 1, 2, and 3 stone presses	20
For Nos. 3½–4½	22
For Nos. 5–5½	25
For one-color rotary	25
For two-color rotary	27
For three-color rotary	30

Feeders and stone grinders.—Groups may establish their own minimum scale of feeders' and stone-grinders' wages.

Feeders shall be at the press ten minutes before starting time in order to oil up, place the rollers in the press, etc., and shall remain fifteen minutes after the stopping time in order to thoroughly "wash up."

For this extra twenty-five minutes per day they shall be paid $1 extra per week, or at overtime rate.

Houses, if they prefer, may employ oilers or cleaners to do this work.

Groups shall have the privilege of modifving the method of feeders' work and time to suit their local requirements, but they should be uniform in each group.

SUPPLEMENTAL BRIEF FILED BY THE NATIONAL ASSOCIATION OF EMPLOYING LITHOGRAPHERS RELATIVE TO LITHOGRAPHIC PRINTS.

CHICAGO, ILL., *December 21, 1908.*

Hon. SERENO E. PAYNE,
Chairman Committee on Ways and Means,
Washington, D. C.

DEAR SIR: We present herewith the supplementary brief of the National Association of Employing Lithographers to make clearer some of the statements and answers made by our chairman, Mr. George R. Meyercord, as also to answer the briefs and statements of those opposed to our proposed substitute for paragraph 400.

On page 1037 Mr. Underwood asks:

What is the total production in the United States?

Mr. Meyercord answers:

About $25,000,000.

While this $25,000,000 is correctly stated, yet it is also a fact that the selling value of lithographic color work in this country, in which

there is competition with German lithographers, is not more than $12,000,000.

The Treasury Department statistics show that in the fiscal year 1908 there was imported under paragraph 400 lithographs to the value of $4,911,102. In addition to which it is estimated that there was also imported under paragraphs 398, 403, and 407 lithographs to the value of over $2,000,000.

It may therefore be stated that the total imports for the fiscal year 1908 amounted to at least $7,000,000. Specific and ad valorem duties transformed to ad valorem equivalent would equal in round figures 20 per cent, while freight, insurance, selling expense and profit would certainly add at least 30 per cent more; therefore the comparison of the selling value in the United States of imported lithographic color work and domestic lithographic color work is as $11,000,000 imported to $12,000,000 produced in the United States.

On page 1037 Mr. Underwood asks:

> What do the exports amount to?

Mr. Meyercord answers:

> I have not those figures, but I do not believe they amount to more than $1,000,000.

The probabilities are (although we have not the exact figures) that they do not amount to more than $150,000. A very considerable part of this is in advertising matter for American manufacturers to advertise their products abroad, and not for lithographic work for foreign consumption or manufacture.

On page 1038 the chairman asks:

> What proportion of the domestic production is used by manufacturers?

Mr. Meyercord answers:

> I venture to say they consume 90 per cent of it.

This answer should be amplified by stating that fully 60 per cent of all lithographic color work produced in the United States is used by the manufacturers for advertising purposes, and does not enter directly into the cost of their goods, nor are they compelled to use lithography; there are many other processes which they could use if they so desire; while another 20 per cent is for so-called art productions, leaving only 20 per cent of the entire product used by manufacturers as an item entering into costs of their goods.

ANSWERS TO BRIEF AND STATEMENT OF MR. JOHN G. DUFFY, REPRESENTING LOUIS C. WAGNER & CO., AND CHARLES STUTZ COMPANY OF NEW YORK, AND TO THE STATEMENT OF MR. LOUIS C. WAGNER, OF NEW YORK, AND TO THE STATEMENT OF MR. I. WOLF, OF PHILADELPHIA, MADE BEFORE THE WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES, ON THE TARIFF HEARINGS, ON SATURDAY, NOVEMBER 21, 1908.

Mr. Duffy states on page 1050:

> It is also a fact that there has not been a single year under the Dingley tariff when there was imported into this country $200,000 worth of this item of lithographic prints [i. e., cigar labels, flaps, and bands].

The statistics of the custom-house at the port of New York alone will show for the fiscal year ended June 30, 1907, there were imports of lithographic cigar labels, flaps, and bands (at the very erroneous

and misleading values given in the invoices of the importers) in an aggregate of $342,834.80; and for 1908, under still lower invoice values and a year of great depression in business, $337,016.04.

Mr. Duffy states, on page 1050, that the duty ran from 44 per cent to 73 per cent.

Again, the statistics of the custom-house at the port of New York will show for the fiscal year ended June 30, 1907, that the specific duty, transformed to ad valorem equivalent, ran from 17.88 per cent to 46.67 per cent, and the latter figure of 46.67 per cent was on importations to the value of exactly $12, while the largest item in importations of cigar labels, flaps, and bands, "printed in less than eight colors, but not including metal leaf printing," amounted to $216,746.80, which at the specific duty of 20 cents per pound transferred to its ad valorem equivalent, equaled 20.94 per cent. For the year 1908 the imports of cigar labels, flaps, and bands printed in less than eight colors amounted to $206,771.50, which at the specific rate of duty, 20 cents per pound, transferred to its ad valorem equivalent, equaled 23.95 per cent. This seeming increase of ad valorem equivalent in 1908 is accounted for by the lower valuations in the invoices of the German exporters, for while the weight of lithographs in 1907 amounted to 226,886 pounds, in 1908 the weight amounted to 247,652 pounds. Under a specific duty, the lower the valuation the higher will be the ad valorem equivalent.

Mr. Duffy states, on page 1051:

> A set of cigar labels costs about 4½ cents a box, and sometimes more.

This is absolutely incorrect and misleading. The average cost of labels, flaps, and trimmings of a box is less than 40 cents on the average cost of $40 per thousand cigars; therefore if the cigars were packed 50 in a box, the cost would be 2 cents per box.

In the brief by Mr. Duffy for Mr. Louis C. Wagner and others, on page 1053, it is stated—

> prior to the act of 1894 no distinction was made between this class of merchandise (i. e., cigar labels, flaps, and bands) and other lithographic prints.

This is true in part, for there were practically no importations of cigar bands in 1894, nor when the Dingley tariff act was enacted in 1897. If there had been any quantity of such merchandise imported, it would have been properly covered in the Dingley tariff act. We are now seeking to protect an industry in the United States for the production of this class of lithographic color work.

There has been some fear that giving the protection asked for by the lithographers of this country would work a hardship to the ultimate consumer. This is best answered by stating that the average cost to the cigar manufacturer for cigar bands is 3 cents for each box of 100 cigars. The manufacturers, because of competition with each other, have been compelled to use these cigar bands, so that each particular brand of cigar is identified by the band.

You will undoubtedly note that this brief of Mr. Wagner's was drawn up by two firms of attorneys who have absolutely no knowledge of the subject which they are discussing.

The brief for Louis C. Wagner & Co. and Charles Stutz & Co., of New York, on page 1056, was intended to be misleading; they state:

> It is also known that the American lithographers, besides possessing a practical monopoly of the trade in cigar labels on this side, have for many years invaded the foreign markets, particularly Germany, where imported labels are produced.

On page 1058 Mr. Wagner states:

Just one moment. It was said a while ago by my predecessor that there were no cigar labels exported to Europe. I have here some samples of the American Lithographic Company showing their agent in Holland, another one showing their agent in London, and another one showing their agent in Hamburg. They do export their cigar labels right into England and Germany in competition with those made in those countries.

In answer we say that this lithographic establishment is the only one in the United States who within recent years has exported cigar labels to any extent. We have had access to their books and find the exports were as follows:

To Germany:		
1906, 12 months	$559.01	
1907, 12 months	370.45	
1908, 11 months	273.95	
		$1,203.41
To England:		
1906, 12 months	995.70	
1907, 12 months	1,120.79	
1908, 11 months	690.46	
		2,806.95
To Holland:		
1906, 12 months	4,345.79	
1907, 12 months	3,343.36	
1908, 11 months	2,891.98	
		10,581.13

Contrast the exports during the year 1907, amounting to $4.834.20, with the imports for the year 1907, amounting to $342,834.80, and you will see how flagrantly misleading the brief for Wagner is, as also his statement.

In the brief for the National Association of Employing Lithographers they do not ask that the tariff should be so increased as to produce a reasonable profit. Owing to German competition, all the profits of the lithographic industry for the last fifteen years have gone into new machinery in an effort (so far futile), by the aid of that new and improved machinery, to meet the competition of Germany, where wages are from one-fifth to one-quarter of the wages paid in the United States.

ANSWER TO STATEMENTS OF MR. I. WOLF, OF PHILADELPHIA.

Mr. Wolf has not attempted any answer to our brief asking for a duty sufficient to protect our workmen in their scale of wages, which are four times the wages paid in Germany.

Mr. Wolf possibly had in mind that certain processes (not lithographic) used in producing post cards could compete with post cards made in Germany, but we positively know that it is absolutely impossible for any American lithographer to compete with Germany in producing lithographic post cards.

The statistics of the custom house at the port of New York will show that for the fiscal year 1907 (which is the latest records we have at our command) there were importations, under the clause of paragraph 400, covering post cards, in a value of over $2,000.000, which at the specific duty of 5 cents per pound, transferred to its ad valorem equivalent, equals 15.89 per cent. As we have shown in our brief that wages are 41 per cent of the total cost of our product, it will be seen at once that Mr. Wolf is perfectly satisfied with a duty which pays

15.89 per cent ad valorem, while we show we require a differential of 31 per cent alone for the difference in wages between Germany and the United States.

DECALCOMANIA.

In the tariff hearings, on page 1047, Mr. Otto Palm states:

> Decalcomania is something entirely different. Decalcomania as it is imported or made here is not perfect in itself. It is simply an article that goes into the manufacture of other articles.

This admission by Mr. Palm was the basis for the decalcomania contest before the board of appraisers and before the court at Philadelphia, and was the fundamental principle on which it was decided. In the brief of the National Association of Employing Lithographers it is our recommendation that they be separately classified.

Again, on page 1047, in the last part of the second paragraph, Mr. Palm states:

> As far as we are concerned, I think we (meaning importers) all agree that we are satisfied to let the duty on decalcomania remain as it is now. We do not ask any reduction or any increase.

The above paragraph can not be construed as anything but meaning the supreme satisfaction with which the importers now view the duty on decalcomania. It shows that they have a great advantage.

Page 1048, Mr. Palm states:

> If you want to foster and help the pottery industry of America, this committee should put decalcomania on the free list instead of increasing the duty, although we do not ask that. We are satisfied as it is to-day.

In analyzing that statement from the standpoint of the domestic manufacturer, we state that the average decalcomania ornaments required for a complete 100-piece dinner set are about two sheets. Average American selling value, 15 cents per sheet. Total cost of decalcomania required for dinner set, 30 cents. An increase in the duty from the present to that suggested in our brief would amount to from 6 to 7 cents additional per dinner set, or about 1 per cent increase in factory cost to the potter.

Page 1048, Mr. Palm states:

> The imports of decalcomania in this country do not exceed $400,000.

He is correct when he states that this is the import value on the foreign invoices, but the article is one that is—you might almost use the term—peddled in small amounts. The selling expense closely approximates the factory cost. Fully 45 men make a living alone selling the article. Many offices are maintained. The domestic selling price of the imported decalcomania closely approximates $800,000. The total sales of domestic manufacture probably equal the sales of imported decalcomania, but the domestic manufacture consists largely of decalcomania mounted on wood, iron, glass, leather, and the like. These additional processes bulk largely in the amount of the domestic sales. The actual sheets of imported decalcomania sold on the paper on which it is printed is more than double the domestic production. In other words, only one-third of this decalcomania is made in this country, fully two-thirds of it being imported.

In the brief submitted by the decalcomania importers, beginning with page 1369 of the hearings, the importers again confirm the view

of the court that a decalcomania is a separate article of commerce bought and sold, and in their description show that it is a transfer picture.

The brief states, on page 1371, "that it was only in 1900 the use of decalcomania became quite general with the potters."

The domestic manufacturers of decalcomania as early as 1897 sold decalcomania to the potteries, introducing the process. This can be readily demonstrated to the committee. The brunt of the cost of introduction of decalcomania process to the American pottery industry was borne by the domestic manufacturer, but the domestic manufacturer lost the entire grip on the trade through the absolute unfairness of the tariff laws and the manipulations of the importers.

The brief states, on page 1371, the following:

> With the growth and development of the pottery industry the importations grew readily, and for several years there was no question raised as to the propriety of classifying it as lithographic prints, under paragraph 400.

That is true, but ruin stared the American manufacturer in the face when a smart importer in New York conceived the idea of stripping the tissue paper from the heavier paper and shipping it under the weight of the tissue, thus reducing the duty to 2 per cent or 3 per cent ad valorem. This stripping process absolutely drove out of business nearly all of the decalcomania manufacturers of America; notably, the Pittsburg China Decalcomania Company, Pittsburg Pa.; the Scientific Manufacturing Company, Highland Park, Ill.; the United States Decalcomania Company, Chicago, Ill. (formerly of Green Bay, Wis.); Stang & Co., New York City. There were also others.

The Philadelphia court records will show the outrageous situation brought about through this evasion of the intent of paragraph 400.

Again, on page 1371, the brief states:

> When decalcomania was first used by the potters, there was absolutely no manufacturer in this country.

This is an absolute untruth, as the printed hearings on the paper schedule of the Dingley law will show that domestic manufacturers were in existence at that time. Also, as previously stated, one American manufacturer was in the field in 1897 selling to the potters. To show the frightful harm done by the Dingley law, the books of the leading domestic decalcomania manufacturer will show that the firm did a business with the potteries four years ago of nearly $200,000 sales, or an average of over $15,000 monthly. That same firm's books will show less than one-twentieth of that amount of sales to the potteries last year.

Having read the testimony offered by those opposed to our proposed revision of sections 398, 400, there has not been advanced one good reason for neglecting to, in future, distribute among the workmen of this country the wages part of that 1,000 per cent of increase in importations, amounting during the brief period from 1897 to 1908 to over $20,000,000. We ask your honorable committee to recommend such a revision as will cause this enormous sum of money to be paid to American labor, thus insuring that lithograghs used in the United States shall be made in the United States. American workmen wish this, as do American manufacturers. They ask you to prevent ever-increasing millions of American money going to Germany manufacturers and workmen.

Facts previously submitted, that talk loudly, are—

Wages approximate $1 in Germany to $4 in the United States.

Importations under present law estimated at over $7,000,000 in 1908; $799,475 in 1897.

We specifically deny (1) that similar manufacturing is or can be as cheaply conducted in this country, or that the present tariff produces an equality; (2) that American lithographs reach foreign countries in appreciable quantities.

Germany, the home of the industry, favored by cheap wages, cheap living, government schools, sells in all countries; whereas we, with high-cost materials and wages, can sell solely in this country. Why permit Germans, as under the present law, to increase their United States trade by leaps and bounds? Why not give to us the trade of our country? Why not give that 41 per cent of cost, in wages, to those who live and labor in the United States?

Respectfully,

ROBERT M. DONALDSON,
HORACE REED,
GEORGE R. MEYERCORD, *Chairman*,
Tariff Committee National Association of Employing Lithographers.

PAPER STOCK.

HON. JOHN W. WEEKS, M. C., SUBMITS LETTER OF F. W. BIRD & SON, EAST WALPOLE, MASS.

EAST WALPOLE, MASS., *December 19, 1908.*

Hon. JOHN W. WEEKS, M. C.,
Washington, D. C.

DEAR SIR: We respectfully call your attention to the indefiniteness of section 632 of the tariff act, which for a number of years has caused us annoyance and expense. This section reads as follows:

> Paper stock, crude, of every description, including all grasses, fiber rags, other than wool, waste, including jute rope and waste bagging, including old gunny cloth and old gunny bags, fit only to be converted into paper.

This latter clause, "fit only to be converted into paper," is the cause of most of our troubles. We cite you the following example:

We have imported from France and Belgium, to use in making paper, a grade of flax spinning waste called "cordellettes" (little cords or little strings). In 1903 and 1904 these importations were suddenly assessed a duty of 10 per cent, which was subsequently increased to $20 per ton; all this on stock worth $30 per ton, and because, as we understand it, some men had used small quantities, not 5 per cent of importations, for some other purpose besides paper making.

We protested, and after some time the case was decided in our favor, but not until the Government had tied up many thousands of dollars belonging to us and we had been put to a legal expense of more than a thousand dollars.

We also use in the making of our roofing large quantities of old satinet garments. These are old, worn-out garments and soft rags composed of cotton and wool or cotton and shoddy. They have usu-

ally been admitted free, yet in some cases have been assessed a duty of 10 cents per pound, being classed as woolen rags, although the grade is too low to be worked up into shoddy and the stock could only be used by converting it into paper.

Although the board of appraisers have given cases of this kind their careful and impartial consideration, the wording of this section has made it impossible to give uniform decision, because the law specifies that the material must be fit only to be converted into paper, and whenever the appraisers had evidence or believed the material could be used for anything else beside paper making the duty would be assessed.

We strongly urge that the wording of section 632 be revised, or added to, so that flax waste, paper stocks, and old satinet garments containing a small percentage of wool be admitted free when they are to be used for the manufacture of paper and when the importer is willing to give oath that they are to be used exclusively for that purpose.

This we believe to be the intent of the existing law.

Yours, very truly,

F. W. Bird & Son.

PRINT PAPER.

THE INTERNATIONAL PAPER COMPANY, NEW YORK CITY, FILES SUPPLEMENTAL BRIEF RELATIVE TO WAGES AND COSTS.

New York, *December 19, 1908.*

Hon. Sereno E. Payne,
Chairman Committee on Ways and Means,
Washington, D. C.

Dear Sir: We desire to supplement the statement in regard to Schedule M, which we submitted to your committee on November 21, with additional data.

Wages.—Exhibit A, attached, is a comparison of our regular schedule of wages in force July 1, 1908, with the wages paid in the following Canadian mills:

Laurentide Paper Company (Limited), Grand Mere, Quebec.
Canada Paper Company (Limited), Windsor Mills, Quebec.
Belgo-Canadian Pulp and Paper Company, Shawinigan Falls, Quebec.
St. Raymond Paper Company (Limited), St. Raymond, Quebec.
Imperial Paper Mills of Canada (Limited), Sturgeon Falls Ontario.
J. R. Booth, Ottawa, Ontario.

This comparison is based on a table of wages, marked "Exhibit B," which gives the wages for each position in each of the six Canadian mills given above, which are the only ones at present making news paper. This data was obtained through a labor organization whose representatives visited each mill and interviewed the various classes of employees. They are ready, if called upon, to make affidavit that the figures are correct to the best of their knowledge and belief.

A mere glance is sufficient to show a decided excess in the wages paid by this company over any of the Canadian mills. At the end of Exhibit B, however, is a statement of averages also reduced to a

basis of percentages. While these averages are not mathematically strictly correct, because the wages are not weighted by the number of employees in each occupation, yet we believe that the conclusion is sound—that the disparity between our wages and Canadian wages is understated rather than overstated—for the reason that the difference in the wages paid to low-class labor (employed by the hour) is greater than the difference in the wages paid to high-class labor (employed by the week), and the low-class labor being much the more numerous the true percentage of excess wages paid by us would be greater than that shown.

It should be further stated that in comparing our schedule with each Canadian mill only the positions or wages are taken into account in our schedule which are given in the schedule of each of the Canadian mills with which comparison is made.

It will be seen that the average wages in the International Paper Company paid to those who are employed by the week exceed the corresponding average wages at each mill by the following percentages: 48.7, 36.5, 45.0, 16.6, 17.3, 26.2; and that the average hourly wages of the International Paper Company exceed the corresponding Canadian wages in each mill by the following percentages: 74.4, 58.9, 59.5, 69.4, 55.7, 55.3.

For the sake of more readily grasping the difference as a whole, we have averaged the weekly rate for all the Canadian mills and the hourly rate as well, showing that the International Paper Company's weekly wages average 30.6 per cent more than the Canadian mills and that the International Paper Company's hourly wages average 60.5 per cent more than the Canadian mills.

Finally, we have averaged these two percentages (weighted by the number of positions) and find that the average schedule of the International Paper Company exceeds the average wages in all the Canadian mills by 57.6 per cent, which, as previously stated, is probably less than the actual true excess.

Supposing our wages, however, are only 50 per cent more than the Canadian wages, the difference in the cost of labor in a ton of paper in favor of the Canadian mill would be $2.66, as against $2.50, as stated in our memorandum submitted November 21 (top of page 1276, first print No. 12). We believe that the actual difference is not less than $3.

Cost of wood.—As nearly as we have been able to ascertain, the Canadian mills pay as follows for rough wood per cord delivered at their mills:

Laurentide Paper Company (Limited)	$6.25 to $6.75
Canada Paper Company (Limited)	6.00
Belgo-Canadian Pulp and Paper Company	6.00
St. Raymond Paper Company (Limited)	5.50
Imperial Paper Mills of Canada (Limited)	5.50 to 6.00
J. R. Booth	6.00

This confirms our statement previously made that the Canadian mills pay on an average $6 per cord.

Freight on paper.—When under examination, the writer stated that the difference in freight rates to our market from our mills and from Canadian mills, respectively, did not amount to very much and was negligible compared with the difference in the cost of wood and labor.

The following table shows approximately the average rate paid by us during 1907 to reach the cities enumerated, also the minimum

rate from the Canadian mill to the same points, rates being per 100 pounds on carload lots:

	International Paper Co. (average).	Canadian mill.	Advantage per ton in favor of— I. P. Co.	Advantage per ton in favor of— Canadian mill.
Boston	$0.14	a $0.20	$1.20	
New York	.13	.18	1.00	
Philadelphia	.15	.19½	.90	
Baltimore	.17	.19½	.50	
Pittsburg	.12½	.17	.90	
Detroit	.15½	.15½		
Cincinnati	.15½	.15½		
Chicago	.18	.18		
Indianapolis	.17	.19	.40	
St. Louis	.21	.21½	.10	
Atlanta	.40	.42½	.50	
Memphis	.32	.30½		$0.30
New Orleans	.36	.36		
Houston	.46	.46		

a For export, 15 cents.

We estimate that this gives us an advantage on all of our business of only about 75 cents per ton.

Exhibit C gives the rates from each of our principal news mills to the above-named cities. Exhibit D gives the rates from each of the Canadian mills to the same points.

PER CENT OF NEWS PAPER MADE BY INTERNATIONAL PAPER COMPANY.

Exhibit E is a list of the mills making news paper in the East and Exhibit F a list of those in the West, which show that the International Paper Company makes only about 44 per cent of the "news" made in the East and only 33 per cent of that made in the whole country.

PHYSICAL CONDITION OF ITS MILLS AT TIME OF ORGANIZATION OF INTERNATIONAL PAPER COMPANY.

In spite of general and specific refutations in the past, nevertheless representations have been made to your committee that the International Paper Company was composed at the time of its organization of a collection of inefficient and dilapidated plants. While we apprehend that your committee is more concerned with present conditions than those of ten years ago, we deny absolutely this claim and assert that the statements which have been presented in support of it are practically without exception exaggerated, distorted, and false.

At the time the International Paper Company was organized, while it did not take in all of the "news" mills, the properties it purchased represented the most efficient plants at that time in existence. When it is considered that the manufacture of news paper in the United States exceeded in quantity that manufactured in any other country in the world, and that the individual plants were larger and many of them better than any plants in the world, and

that news paper was then sold in the United States more cheaply than in any other market, it is absurd to claim that there could be a consolidation of two-thirds or three-quarters of the existing plants without such consolidation being of a high grade of efficiency as to its physical condition.

As an illustration of the falsity of the statements recently made to you, we quote the following:

An allowance of nearly $8,000,000 was made for a mill (Glens Falls), one-half of which might better be located upon Boston Common or in New York City. Five years previous the stock capital of that concern had been $300,000.

This same statement was made before the Committee on the Judiciary in its hearings on Lilley resolution, No. 243, in 1904, and a specific answer was made thereto, which is as follows:

The total capitalization of the Glens Falls Paper Mill Company issued and paid up was considerably more than $3,000,000, instead of $300,000, as stated. But the capitalization did not by any means cover the whole amount of money invested. The original Glens Falls Paper Company was organized and began business in the year 1864. It was owned and controlled by a few individuals who were directly interested in and connected with the management of the property, and who were more interested in building up a large and valuable manufacturing plant than they were in paying dividends. Consequently, they devoted the greater part of the earnings for many years to the enlargement and extension of the plant, the acquisition of woodlands, and other property necessary for their purposes. In this way, prior to the formation of the International Paper Company, the Glens Falls Company had acquired and built up a valuable and successful plant and property, a large part of which was provided for out of earnings for which no capitalization had ever been issued. This property included, among others, the following:

1. Paper mill at Glens Falls, making paper and ground wood pulp, with the use of its own very valuable developed water power on the Hudson River at that point.
2. Mills at Fort Edward, making paper, ground wood and sulphite pulp, with the use of its own very valuable water power on the Hudson River at that point.
3. Undeveloped water power on the Hudson River and other property above Glens Falls.
4. A great undeveloped water power with 250 feet head on the Saranac River at Cadyville.
5. 62,990 acres of woodland in the Adirondacks tributary to said mills, and also a large amount of woodland in Canada held under Canadian permits.
6. A fine water-power of about 100 feet head, partly developed, on the Lamoille River, in Vermont, since utilized by the erection by the International Paper Company of a pulp mill.
7. A valuable undeveloped water power with a head of over 65 feet on the Lamoille River, in Vermont.

The plants above mentioned, purchased from the Glens Falls Company, have an aggregate capacity of over 300 tons of paper per day.

For the plants and property so purchased the International Paper Company paid, in its securities, about $6,000,000, instead of $8,000,000, as stated, and we confidently believe that the properties enumerated are worth more than the amount paid for them.

STATE OF NEW YORK,
City and County of New York, ss:

Frederick H. Parks, being duly sworn, deposes and says that he is the first vice-president of the International Paper Company; that he has read the foregoing statements, and that the allegations contained in the same are true to the best of his knowledge and belief.

FREDERICK H. PARKS.

Sworn to before me this 21st day of April, 1904.
[SEAL.]

E. W. KENNEDY,
Notary Public, Kings County.

Certificate filed in New York County.

This is but a fair sample of the misrepresentations which have been made to you. Each and every one could be as readily disproved,

but we regard this matter as irrelevant, and, besides, the charges are so voluminous that we doubt whether you desire to have us reply to them in detail. We respectfully refer you for additional information upon this point, or any other which has not been covered by our statements to your committee, to the hearings before the Committee on the Judiciary above referred to, and to the hearings last spring before the Select Committee of the House of Representatives on Pulp and Paper Investigation. We believe that you will find that every unfavorable allegation which has been made in regard to this company has been conclusively disproved.

Very truly, yours,

CHESTER W. LYMAN,
Assistant to President.

EXHIBIT A.

Weekly and hourly rates of wages, International Paper Company, compared with Canadian mills.

SUMMARY OF TOTALS.

Average weekly rate for Canadian mills	$19.28
Average weekly rate for International Paper Company	25.17
International Paper Company per cent more	30.6
Average hourly rate for Canadian mills	.1655
Average hourly rate for International Paper Company	.2656
International Paper Company per cent more	60.5

Nine and seven-tenths per cent of positions are weekly; 90.3 per cent are hourly.

International Paper Company more than Canadian mills for all positions, 57.6 per cent.

December 18, 1908.

EXHIBIT B.

Weekly and hourly rates of wages, International Paper Company, compared with Canadian mills.

Occupation.	Basis of rate.	International Paper Company.	Canada Paper Company.	Belgo-Canadian P. & P. Company.	Laurentide Paper Company.	St. Raymond Paper Company.	Imperial Paper Company.	J. R. Booth.
Foremen:								
Foreman grinder wood mill.	Weekly...	$48.08	$15.00	$20.00	$16.20	....	$21.00	$24.00
Night foreman grinder wood mill.	...do......	21.00	12.00	14.40	16.20	....	18.00	12.00
Foreman sulphite mill.	...do......	34.61	....	....	19.63	....	67.31	30.00
Night foreman sulphite mill.	...do......	21.96	....	....	....	....	18.00	15.00
Foreman paper mill.	...do......	48.08	57.69	....	....	....	....	42.00
Foreman paper machines.	...do......	33.28	....	....	....	....	36.00	30.00
Night foreman plant.	...do......	36.00	30.00	....	....	....	18.00	....
Night foreman repairs.	...do......	35.00	16.50	....	....	....	....	....
Night foreman steam.	...do......	36.00	21.00	....	....	....	21.00	25.00
Night foreman yard.	...do......	20.00	12.00	....	19.63	....	13.50	12.00
Do.	...do......	15.50	....	....	12.96	....	12.00	11.52

Weekly and hourly rates of wages, International Paper Company, compared with Canadian mills—Continued.

Occupation.	Basis of rate.	International Paper Company.	Canada Paper Company.	Belgo-Canadian P. & P. Company.	Laurentide Paper Company.	St. Raymond Paper Company.	Imperial Paper Company.	J. R. Booth.
Wood piling:								
Head piler	Hourly	$0.2667	$0.15	$0.15	$0.13	....	$0.175	$0.20
Wood handler	do	.2234	.125	.13	.13	$0.125	.150	.15
Conveyor man	do	.2000	.125	.13	.13	....	.150	.15
Conveyor boy	do	.1600	....	.10	.10	....	....	....
Scaler	do	.2444	....	....	.13	....	.250	.165
River man	do	.3000	....	....	.13	....	....	.165
Engineers	do	.4626	....	.15	.15	....	.200	.165
Teamster	do	.1944	.125	.13	.13	.140	....	....
Single team	do	.3056	.125	....	.13	....	.175	.142
Double team	do	.4444	.125	....	.13	....	.175	.158
Water boy	do	.1389	....	.10	.10	....	....	....
Wood handling:								
Head wood handler	do	.3000	.150	.135	.15	....	.175	.20
Do	do	.2234	.125	.135	.13	.125	.150	.15
Conveyer man	do	.2234	.125	.135	.14	....	.150	.15
Scaler	do	.2200	.150	.135	.15	....	....	.165
River man	do	.2000	.150	....	.15	....	....	....
Slip man	do	.2234	.125	....	.13	....	....	....
Teamster	do	.1944	.125	.135	.13	....	....	....
Single team	do	.3056	.125	....	.13	....	.175	.142
Double team	do	.4444	.125	....	.13	....	.175	.158
Engineer	do	.2500	....	.150	.15	....	.200	.165
Wood room:								
Head preparer	do	.3100	.200	.150	.20	....	.20	.20
Wood handler	do	.2234	.125	.135	.13	.125	.15	.15
Conveyer man	do	.2234	.125	.135	.13	.125	.15	.15
Sawyer	do	.2505	.175	.135	.22	.15	....	.165
Barker	do	.2234	.150	.135	.15	.1125	.165	.165
Splitter	do	.2234	.150	.135	.13	....	.165	.165
Chipper	do	.2234	.150	.135	.13	....	.162	.165
Chip bin	do	.2234	.125	.135	....	....	....	....
Knotter	do	.2234	.125	.135	.13	....	.150	....
Waste handler	do	.2234	.125	.135	.13	....	....	.150
Grinders:								
Head grinder man	do	.3165	.150	.180	.14	.1025	.167	.16
Grinder man	do	.2424	.125	.140	.13	....	.125	.125
Block handler	do	.2234	.125	.135	.13	....	.125	.125
Ground wood screens:								
Screen man	do	.2234	.125	.135	.13	....	.125	.125
Sliver man	do	.2234	.125	.140	.13	....	.125	.125
Ground-wood presses:								
Head pressman	do	.2979	.150	.140	.18	....	.146	.146
Pressman	do	.2234	.125	.115	.13	....	.125	.125
Decker man	do	.2234	.125	.135	.14	....	.125	.125
Acid plant:								
Sulphur burner	do	.3100	....	....	.15	....	.167	.16
Acid maker	do	.3100	....	....	.26	....	.208	.20
Lime slacker	do	.3100	....	....	.15	....	.146	.15
Lime handler	do	.1878	....	....	.13	....	.125	.15
Tower man	do	.1889	....	....	....	....	....	....
Digesters:								
Cook	do	.3500	....	....	.26	....	.250	.25
First helper	do	.2500	....	....	.15	....	.167	.17
Second helper	do	.2100	....	....	.13	....	.125	.125
Blow-pit man	do	.2409	....	....	.14	....	.125	.125
Sulphite screens:								
Screen man	do	.2234	....	....	.13	....	.125	.125
Kollergang man	do	.2234	....	....	.13	....	.125	.125
Sulphite presses:								
Head pressman	do	.3047	....	....	.15	....	.188	.167
Pressman	do	.2234	....	....	.13	....	.125	.125
Decker man	do	.2234	....	....	....	....	.167	.15
Beaters:								
Head beater man	do	.39	.1875	.34	[a] .292	.2291	.25	.25
Beater man	do	.2708	.125	.135	.15	.1458	.125	.125
Clay and size man	do	.2234	.125	....	.13	....	.138	.125

[a] Maximum rate for positions.

Weekly and hourly rates of wages, International Paper Company, compared with Canadian mills—Continued.

Occupation.	Basis of rate.	International Paper Company.	Canada Paper Company.	Belgo-Canadian P. & P. Company.	Laurentide Paper Company.	St. Raymond Paper Company.	Imperial Paper Company.	J. R. Booth.
Paper machines:								
Machine tender	Hourly	$0.50	[a]$0.50	$0.50	[a]$0.469	$0.333	$0.333	$0.333
Second hand	do	.33	[a].313	[a].34	[a].313	.25	.25	.25
Third hand	do	.25	[a].188	.225	.231	.167	.167	.167
Fourth hand	do	.2234	.165	.20	.188	.108	.146	.138
Fifth hand	do	.2234					.125	
Broke hustler	do	.2234	.156	.105	.13	.10	.125	.125
Finishing:								
Head finisher	do	.35	.20	.225	.18	.175	.30	.233
Roll finisher	do	.2167	.15	.175	.13	.13	.165	.167
Sheet finisher	do	.25	.125		.13			.15
Counter man	do	.1833	.125		.13			.15
Counter girl	do	.1200	.10	.10				.10
Cutter man	do	.25	.125	.15	.13			.15
Cutter girl	do	.1278	.10		.13			.10
Rewinder	do	.2778	.125	.20	.15		.15	.15
Weigher	do	.2444	.15		.14		.15	.167
Marker	do	.2222		.135	.13			.167
First baler	do	.2100			.13			.15
Baler	do	.20			.13			
Caser	do	.1833			.13			
Indoor, miscellaneous:								
Head paper loader.	do	.3060			.15		.175	.167
Paper loader	do	.2055	.15		.13		.175	.150
Stock handler	do	.2641	.125		.13			
Weigher	do	.2234	.15		.13		.175	.167
Carman	do	.2500			.13			
Oil keeper	do	.2167			.13		.130	
Oiler	do	.2234	.15	.15	.13		.175	.167
Cleaner	do	.2056		.13	.13			.167
Filter man	do	.2234			.13			
Night watchman.	do	.1905	.175	.115	.13	.088	.154	.154
Sundry watchman.	do	.2234						
Elevator man	do	.1833						.15
Felt man	do	.2222			.13			
First core cleaner.	do	.2000			.13		.165	.167
Core cleaner	do	.1833	.125		.13		.150	.15
Samples	do	.2222			.13			.142
Stock saver	do	.2482						
First power house man.	do	.3385			.225			.25
Second power house man.	do	.2480			.225			.20
Outdoor, miscellaneous:								
Rocks	do	.2234	.125	.135	.13		.15	.15
Barn boss	do	.2083	.20		.15		.20	.20
Teamster	do	.4444	.125	.135	.13	.14		
Single team	do	.3333	.125				.175	.142
Double team	do	.4444	.125				.175	.158
First laborer	do	.2223					.15	
Laborer	do	.1833	.125				.15	.135
Gate keeper	do	.1889						
Steam plant:								
Engineer	do	.3125	.175	.15	.15	.35	.208	.167
Engine oiler	do	.27	.125		.15		.146	.139
Dynamo man	do	.34	.175		.25		.167	.208
Head fireman	do	.30	.1875	.275	.18		.188	.208
First fireman	do	.28			.15			.146
Coal fireman	do	.25	.125	.15	.15	.15	.125	.138
Wood fireman	do	.25	.125	.15	.15	.15	.125	.138
Coal handler	do	.2234	.125	.13	.13		.125	.125
Wood handler	do	.2234	.125	.13	.13		.125	.125
Ash handler	do	.2234	.125	.13	.13		.125	.125
Boiler cleaner	do	.2234		.15	.13	.15		
Repairs:								
Head machinist	do	.44	.30		.385		.45	.40
Machinist	do	.3333	.20		[a].25			.25
Machinist helper.	do	.25	.15		.15		.15	.175

[a] Maximum rate for positions.

Weekly and hourly rates of wages, International Paper Company, compared with Canadian Mills—Continued.

Occupation.	Basis of rate.	International Paper Company.	Canada Paper Company.	Belgo-Canadian P. & P. Company.	Laurentide Paper Company.	St. Raymond Paper Company.	Imperial Paper Company.	J. R. Booth.
Repairs—Cont'd.								
Head millwright.	Hourly...	$0.39	....	$0.20	$0.33	....	$0.30	$0.375
Millwright.....	...do......	.35	$0.20	....	.20	....	.20	.225
Millwright helper.	...do......	.2422	.15	....	.15	....	.15	.175
Carpenter......	...do......	.3333	.20	.20	.20	$0.20	.25	.20
Head piper.....	...do......	.3611	.20	.275	.33	....	.30	.30
Piper..........	...do......	.3056	.175	.20	a.25	....	.175	.20
Pattern maker.	...do......	.3056	....	....	....	....	....	....
Blacksmith....	...do......	.34	.185	....	.20	.25	.25	.25
Blacksmith helper.	...do......	.2222	.15	....	.15	....	.15	.15
Mason..........	...do......	.4444	....	....	.30	....	....	....
Mason helper...	...do......	.20	....	....	.13	....	....	....
Painter........	...do......	.28	.15	....	.15	....	....	.175
Painter helper..	...do......	.1833	....	....	.14	....	....	.15
Roll grinder....	...do......	.3333	....	.225	.20	....	.30	.20
Knife grinder...	...do......	.25	.15	....	.15	....	.175	.175
Saw filer.......	...do......	.25	....	....	.30	....	.195	.25
Draftsman.....	...do......	.2778	....	....	....	....	....	....
Electrician.....	...do......	.481	.225	.30	.25	....	.25	.30
Lead burner....	...do......	.3333	....	....	....	....	....	....
Lead burner helper.	...do......	.1944	....	....	....	....	....	....
Laborer........	...do......	.1944	....	....	.13	....	.15	....
Office:								
First clerk.....	Weekly...	23.08	....	16.15	21.00	19.80	18.00	30.00
Second clerk...	...do......	15.38	....	15.00	15.00	....	15.00	22.50
Third clerk.....	...do......	15.00	....	....	....	....	12.00	12.00
Day timekeeper.	...do......	15.00	....	16.15	12.00	....	18.00	....
Night timekeeper.	...do......	15.00	....	....	12.00	....	18.00	....
Stenographer...	...do......	15.00	....	13.85	9.00	....	9.00	10.50
Storekeeper....	...do......	15.00	....	16.15	....	....	9.00	10.50
Railroad operating:								
Engineer.......	Hourly....	.26	....	....	.30	....	....	....
Fireman.......	...do......	.19	....	....	.15	....	....	....
Trainman......	...do......	.19	....	....	.15	....	....	....
First trackman.	...do......	.21	....	....	.13	....	....	....
Trackman.....	...do......	.175	....	....	.13	....	....	....
Screen plates:								
Head plate cutter.	...do......	.3056	....	....	.30	....	....	.225
Plate cutter....	...do......	.222	....	....	.15	....	....	.165
Piers and booms:								
Head river man	...do......	.3055	....	....	.18	....	....	.20
River man.....	...do......	.22	....	....	.13	....	....	.165
Core machine:								
First core maker.	...do......	.20	....	.15	.15	....	.175	.175
Core maker.....	...do......	.1833	....	....	.13	....	.150	.150
Average weekly rate.	....	....	23.46	15.96	15.36	19.80	20.24	20.50
International Paper Co., average for comparison.	....	....	34.88	21.79	22.27	23.08	23.74	25.86
International Paper Co. (more), per cent.	....	....	48.7	36.5	45.0	16.6	17.3	26.2
Average hourly rate.	....	....	.1531	.1642	.1629	.1648	.1742	.1715
International Paper Co., average for comparison.	....	....	.2670	.2609	.2598	.2791	.2712	.2663
International Paper Co. (more), per cent.	....	....	74.4	58.9	59.5	69.4	55.7	55.3

a Maximum rate for positions.

EXHIBIT C.

Freight rates from principal International Paper Company "news" mills to cities named.

City.	Mill No. 1, Glens Falls, N. Y.	Mill No. 2, Fort Edward, N. Y.	Mill No. 3, Corinth, N. Y.	Mill No. 4, Chisholm, Me.	Mill No. 5, Berlin, N. H.	Mill No. 6, Niagara Falls, N. Y.	Mill No. 9, Orono, Me.	Mill No. 14, Lake George, N. Y.	Mill No. 31, Watertown, N. Y.	Mill No. 24, Wilder, Vt.
Boston	15	15	15	10½	12	15	12	15	15½	12
New York	13	13	13	17	15	13	17	13	13	15
Philadelphia	15	15	15	16	17	13	16	16	17	15
Baltimore	17	17	17	18	17	13	18	17	17	17
Pittsburg	15	15	15	19	17	10	20	17	15	17
Detroit	15	15	15	16	16	10	18	15	15	1[illegible]
Cincinnati	16	16	16	15½	15½	13	18	16	16	18
Chicago	18	18	18	18	18	18	18	18	18	18
Indianapolis	17	17	17	19	19	14	20	17	17	19
St. Louis	21	21	21	21	21	21	21	21	21	21
Atlanta	40	40	40	45½	42	40	46½	45	40	40
Memphis	32	32	32	32½	35	32	34	37	32	32
New Orleans	36	36	36	37½	35	31	39	36	35	35
Houston	46	46	46	46	46	46	46	46	46	46

EXHIBIT D.

Freight rates from Canadian "news" mills to cities named.

	Laurentide Paper Co. (Ltd.).	Canada Paper Co. (Ltd.).	Belgo-Canadian Pulp and Paper Co.	St. Raymond Paper Co. (Ltd.).	Imperial Paper Mills (Ltd.).	J. R. Booth.
Boston	[a] 20	23	[a] 20	23½	20	[a] 20
New York	[b] 18	22	[b] 18	21½	21	[a] 18
Philadelphia	22	29½	22	26½	24	19½
Baltimore	22	29½	22	26½	....	19½
Pittsburg	17	23	17	21½	27	17
Detroit	16	15½	16	20½	16	16
Cincinnati	15½	15½	15½	20	16½	15½
Chicago	18	18	18	22½	19	18
Indianapolis	19	19	19	23½	26	19
St. Louis	21½	21	21½	20	22½	21½
Atlanta	43½	....	43½	....	....	42½
Memphis	35	32	35	....	36½	30½
New Orleans	44½	44	43½	....	44½	36
Houston	63	....	63	....	67	46

[a] Export, 15. [b] Export, 17½.

EXHIBIT E.

Annual product eastern "news" manufacturers.

		Tons.
1.	Great Northern Paper Co	136,032
2.	Berlin Mills Co	62,400
3.	St. Regis Paper Co	39,000
4.	Remington Martin Paper Co	19,656
5.	Raymondville Paper Co	17,160
6.	Finch Pruyn Co	14,040
7.	W. H. Parsons & Co	43,680
8.	Dalton Paper Mills	9,984
9.	Gould Paper Co	15,600
10.	West End Paper Co	7,800
11.	Norwood Paper Co	6,240
12.	Cliff Paper Co	9.360
13.	Pettebone Cataract Paper Co	9,360

		Tons.
14.	Schroon River Pulp and Paper Co	6,240
15.	Taggarts Paper Co	8,580
16.	Aldrich Paper Co	7,800
17.	Malone Paper Co	6,240
18.	Champion Paper Co	7,800
19.	Oswego Falls Paper Co	7,800
20.	Iroquois Paper Co	6,000
21.	High Falls Paper Co	7,500
22.	St. Croix Paper Co	40,080
23.	Brownville Paper Co	3,400
24.	H. S. Garrett & Son	5,580
25.	St. George Paper Co	8,680
		506,012
26.	International Paper Co	404,550
		910,562

Exhibit F.

Annual product, western "news" manufacturers.

		Tons.
1.	Kimberley Clark Company	20,200
2.	Combined Locks Paper Company	21,840
3.	John Edwards Manufacturing Company	12,400
4.	Nekoosa Edwards Paper Company	15,600
5.	Centralia Pulp and Paper Company	7,800
6.	Grand Rapids Pulp and Paper Company	9,360
7.	Wisconsin River Paper and Pulp Company	12,480
8.	Tomahawk Pulp and Paper Company	3,740
9.	Dells Paper and Pulp Company	6,240
10.	Hennepin Paper Company	4,680
11.	Itasca Paper Company	6,240
12.	Northwest Paper Company	7,800
13.	Rhinelander Paper Company	18,720
14.	Menasha Paper Company	7,800
15.	Flambeau Paper Company	3,120
16.	W. D. Boyce Paper Company	7,800
17.	Cheboygan Paper Company	18,720
18.	Willamette Pulp and Paper Company	49,920
19.	The Star Paper Mill Company	15,600
20.	Outagamie Paper Company	5,300
21.	Marinette and Menominee Paper Company	8,730
22.	Alexandria Paper Company	9,360
23.	Floriston Pulp and Paper Company	6,240
24.	Patten Paper Company	3,120
25.	Watab Paper and Pulp Company	12,480
		295,290

WALL PAPER.

THE ALLIED WALL-PAPER TRADES OF THE UNITED STATES CLAIM THAT THEIR INDUSTRY NEEDS MORE PROTECTION.

NEW YORK CITY, *December 22, 1908.*

Hon. Mr. PAYNE, M. C.,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: I have been instructed in behalf of the members of the above-named organization to communicate with you regarding some change in the tariff on wall paper. I would respectfully ask that you advocate an advance over the present duty, as it seems that the American manufacturers have not the proper protection against the importation of wall paper from Europe, where the wages paid are much less than received by our members.

About five years ago the importation was only $200,000 and at the present time it has exceeded the sum of $800,000. These are the conditions that our members of the trade have been working against.

* * * * * * *

Trusting that you will give this your earliest attention, and assuring you whatever you do will be appreciated, I am,

Yours, truly,

JAMES L. MULHEARN,
National Secretary, M. P. & C. M.

RICHARD H. SCHELLER, secretary of Local Union No. 1, N. P. C. A. of A., files a similar letter.

WALL PAPER AND PRINT BLOCKS.

THE NATIONAL PRINT CUTTERS' ASSOCIATION OF AMERICA ASKS AN INCREASE OF DUTIES ON THESE ARTICLES.

NEW YORK CITY, *December 19, 1908.*

Hon. S. E. PAYNE, M. C.,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: I have been directed by the above association to write to you in regard to any possible change in the present tariff on manufactured wall papers and interior decorations, and also on print blocks and rollers used in the printing of same.

If any change is contemplated, we respectfully ask your assistance to have the duty on wall papers increased, if at all possible, as we believe the present duty entirely inadequate to give the American manufacturer proper protection against foreign importations.

During the past five years the importations of wall paper have increased about 300 per cent. In 1903 the imports amounted to about $200,000, while now they amount to almost $800,000.

As wages in foreign countries—England and Germany—are only about one-half of what they are in the United States, we feel that not only are the American manufacturers entitled to fair protection but that we ourselves are entitled to protection against the low wages and unfavorable conditions existing in England and Germany, where the wall-paper industries are controlled by syndicates, whereas the American manufacturers, from whom we obtain our livelihood, are hardly making any profit at all, certainly not what they are entitled to make considering the capital invested.

Regarding print blocks, we wish to say that this work is entirely done by hand; not a single part of the same can in any way be made by machine, and it would be a great injustice to us if the present tariff on these print rollers were removed or made any less. They are classified as manufactured wood and metal, principal value on metal 45 per cent ad valorem, and we ask that you use your influence to have this duty increased, if at all possible, as the wages paid in Europe for this work are only about one-half what we receive, and we believe we should receive the protection that years of work entitle us to.

Trusting you will give this your support and assuring you that anything you may do in our behalf will be appreciated, I remain,

Yours, very truly,

[SEAL.] THOS. I. G. EASTWOOD,
Secretary-Treasurer National Print Cutters' Association of America.

SCHEDULE N.—SUNDRIES.

ARTIFICIAL FLOWERS AND FEATHERS.

JACOB DE JONG, FOR ASSOCIATED FLOWER AND FANCY FEATHER MANUFACTURERS, FILES SUPPLEMENTAL BRIEF.

COMMITTEE ON WAYS AND MEANS,
House of Representatives, Washington, D. C.

GENTLEMEN: Supplementary to the few remarks made by me before your committee on November 28 upon the subject of artificial flowers and fancy feathers, covering section 425 of the present tariff act, I beg to submit the following memorandum:

Personally, as one of the leading manufacturers in this line and by authority of the Associated Manufacturers of America of flowers and fancy feathers, you are respectfully requested to increase the duty on artificial flowers and fancy feathers to such an extent as you may deem wise and proper.

The present duty is 50 per cent, and an increase of duty to either 60 or 70 per cent would greatly benefit the domestic industry. It is possible that under a duty of 70 per cent importations may be decreased to such an extent that might possibly reduce the revenue to the Government from this source, and believing, as I do, that the present tariff reform movement has for its object the reduction of duty on raw materials, which would naturally greatly reduce the country's revenues, it may be essential to only increase the tariff on articles of luxury such as ours only to such an extent as would tend to produce greater revenue, in order to offset the losses caused by articles being placed upon the free list, due consideration being given to the fact that the Government at the present time is facing a large deficit.

If my reasoning in this respect is right and coincides with the opinions entertained by your committee, it is but natural and dutiful that any action taken must be in accordance with these facts.

The present importations in round figures amount to about $6,300,000 per annum, providing a revenue of about $3,150,000. Being thoroughly familiar with this subject, I am firmly convinced, as the future no doubt will prove, that a duty of 60 per cent may have the effect of checking the steady increase of importations in the future, but at the same time maintaining importations on the present basis, this would cause an increase in revenue of at least $600,000 per year, and I believe that under a duty of 70 per cent there may possibly be a slight increase in revenue, but I am not sure about this point, therefore if one of the objects of your committee in framing the new tariff law is to increase the duty on articles of luxury, in order to bring a greater revenue to the Government, and at the same time give ample protec-

tion to the home industry, I must confess that 60 per cent is the proper tariff on this class of goods, from every sensible, patriotic, and business view.

It may be stated right here that artificial flowers and fancy feathers should have been classified under a 60 per cent tariff in the present Dingley bill. Why this class of goods was placed at 50 per cent, when all other articles of this character, such as laces, braids, trimmings of every description, flounces, etc., are 60 per cent I can not understand, particularly as everything used in the trimming of a lady's hat, with the exception of artificial flowers and fancy feathers, pays 60 per cent at present; this, although your committee may not be experienced in the millinery line, must surely appear to you as an inconsistency, especially so when you bear in mind that had flowers and feathers been placed under a 60 per cent duty in the Dingley bill, it would have greatly helped the development of our home production, and at the same time provided an additional $4,000,000 to the revenue.

A duty of 60 per cent on artificial flowers and fancy feathers would give a wonderful impetus to our home industry. The manufacturers are satisfied to supply the gradual increased demand in this line. It is undeniable that this class of goods will always be imported to a certain extent, at least so long as American women insist upon getting the imported article, even though the domestic product may be superior. If they are willing to pay higher prices, simply because the article is imported, then by all means let the Government have the benefit.

The domestic manufacturers are gradually developing the home production, and have already made the domestic industry important enough to compete with foreign manufacturers to such an extent as to keep down arbitrary prices, formerly dictated by foreign producers.

Were it not for the fact that the domestic manufacturer is obliged to pay an average duty of nearly 50 per cent on most of the material he uses, and for the further fact that labor in this line here receives more than double the same labor in Europe, and also the greater expenses of rent and other fixed charges, the American manufacturer would need no protection whatever. Bearing in mind the differentiation between cost of materials, labor, rents, etc., a duty of 60 per cent only partly equalizes the cost of manufacture here with abroad. Were we to endeavor to fix a perfect equalization, it appears that a duty of not less than 80 per cent would be necessary. There are other numerous reasons which appeal to your committee for advancing the duty on this class of goods, but they are somewhat intricate and technical, requiring the production of statistics and a more lengthy and complicated argument; for instance, the fact that the proportion of cost for landing this class of goods under a duty of 70–60–50 per cent would be as follows:

The article which would cost 17 cents to lay down here under a 50 per cent duty would cost 18 cents under a 60 per cent duty and 21 cents under a 70 per cent duty. You will thus notice that the increased cost of landing, between 50 per cent and 60 per cent, is not large enough to cause any great disturbance in importations but would still prove of great benefit to the domestic producer. While it is but natural that a duty of 70 per cent would be of immense benefit to the domestic manufacturers, we as manufacturers do not wish to appear before your committee as suppliants, asking Government aid for the boosting of our industry, but are quite willing to leave this matter open to your best judgment.

In conclusion, permit me to thank your committee and its secretary for the many courtesies and kindnesses shown to me. Knowing that your committee is endeavoring to conscientiously perform a great and difficult task, I trust your efforts will be crowned with success, and that the new tariff measure will meet with the approval of the country at large.

Respectfully submitted.

JACOB DE JOUG,
Representing the Associated Flower and Fancy Feather Manufacturers of America.

NEW YORK, *December 19, 1908.*

BRISTLES.

SUPPLEMENTAL BRIEF OF THE WILLIAM WILKENS COMPANY, OF BALTIMORE, MD., ASKING FOR RETENTION OF DUTY ON BRISTLES.

BALTIMORE, MD., *December 10, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Since filing the original brief in this case a number of briefs have been filed in the interests of the brush manufacturers, and the bristle subject was called up at such a late hour on the day set apart for it that there was no opportunity on the part of the bristle manufacturer to state his views before the committee.

Briefs on behalf of the brush manufacturers seem to be based upon the theory, as stated in the brief of Col. Albert Clark, of Boston, that—

> This duty could be abolished and all bristles put on free list without doing injury to any industry in the United States and to the advantage of brush manufacturers here. (P. 2744 of tariff hearings, first print, No. 21.)

The brief of the Florence Manufacturing Company says:

> We also ask that the duty of 7½ cents per pound upon bristles be removed, and that bristles be entered free of duty, in order that we may thereby be placed on a fairer basis in comparison with Asiatic and European countries, as practically no bristles used in the manufacture of hairbrushes, and no bristles used in the manufacture of toothbrushes, are produced in America. (P. 2746 of tariff hearings, first print, No. 21.)

The brief of A. L. Sonn Brush Company says:

> Bristles are not a product of the United States, and therefore would not affect the producer in this country, but would be a great help to the manufacturers in the United States * * *. (P. 2748 of tariff hearings, first print, No. 21.)

The brief of the Grand Rapids Brush Company says:

> The duty of 7½ cents per pound on bristles, we believe, can be largely reduced, or entirely taken off, because at the present time the production of bristles in the United States is very small, and it is not an industry that will grow, but is bound to become obsolete, whether protected or not, because of the conditions that exist relative to the slaughtering of hogs, etc., while they are still young. (P. 2752 of tariff hearings, first print, No. 21.)

The brief of A. & E. Burton Company says:

> The duty is now 7½ cents per pound, as there are practically no bristles raised in this country at this time. As hogs naturally lose their bristles when domesticated, we think all bristles, sorted, bunched, or prepared, should come in free. (P. 2753, tariff hearings, first print, No. 21.)

Statements of this kind are somewhat astonishing in view of the fact that several of the parties who make them are large customers of the William Wilkens Company, and buy a large quantity of bristles every year from them, and that they must have known when they made these statements that there are bristle factories in Philadelphia, Cincinnati, Providence, Chicago, and in Baltimore, in addition to the present petitioner, who alone manufactures from 250,000 to 300,000 pounds of bristles per annum; and while it is true that these industries have not made fortunes and are gradually closing up, it is simply because of the want of proper protection against imported manufactured bristles from the East.

Under the Wilson bill, the tariff was 15 cents per pound. This was reduced, under the Dingley bill, to 7½ cents a pound. And, as we have shown, this reduction has been a severe blow to this manufacturing industry. And now, finally, the brush manufacturers ask that this duty of 7½ cents per pound should be taken off entirely, and the imported bristles, principally from China, should be put in direct competition with the bristles manufactured in this country.

And while these brush manufacturers are demanding that the duty shall be taken off of the foreign bristle, and the American laborer and manufacturer of brushes be thereby benefited and protected against what they call the "Yellow Peril," they are at the same time asking that duty on imported brushes be increased in order that their industry should be protected against this same "Yellow Peril." It would seem that they are perfectly willing to sacrifice one branch of manufacturing industry on the same grounds and for the same reasons that they demand protection for another branch of a manufacturing industry. The want of equity in this position is so apparent that it needs no further argument, and the bristle manufacturers are perfectly willing to submit their case on the appeal made by these brush manufacturers for the protection of their own industry against the cheap foreign laborer.

It would be impossible for the Wilkens company to continue to manufacture these bristles at the present time were it not for the fact that they have invented and patented machinery in their own shops, which make it possible to compete against cheap Chinese labor. Incredible as it may seem, they have invented and patented and have in daily use machines that sort lengths of hair, picking short hair from long hair, and which avoids one of the most laborious and tedious phases of the business when done by manual labor.

If the committee should think, however, that the duty should be taken off of these manufactured bristles, it is then respectfully submitted that the duty should be retained on what is known as "short bristles"—that is, upon all bristles under 4½ inches in length. Bristles longer than 4½ inches are not manufactured to any extent in this country. It is true, as stated in several briefs of the brush makers, that hogs are killed young in this country, and nearly all hogs from which bristles are taken here are domesticated, and hence inferior in length to the imported bristle, where hogs are allowed to mature and where many of them run wild. Bristles longer than 4½ inches are used in quantities by brush makers for paint brushes and brushes which require this longer bristle. And the industry of this petitioner, as well as all bristle manufacturers in this country, would not be materially injured by taking off the duty on bristles over this 4½

inches. This would give the brush makers relief to a certain extent without destroying another sister industry, and destroying it upon the same ground for which they themselves ask protection, and that is that the American laborer should be protected against cheap foreign labor.

The situation as represented by the Wilkens company is ideal from a manufacturing standpoint. They were the first manufacturers of bristles in the United States and have been continuously in that business, as stated in the original brief, for the last sixty-four years. During that time a village has grown up around their factory, occupied to a great extent by their employees—men who were raised in the business—whose fathers were there before them and who know nothing else but the manufacture of bristles, own and live in this village, no strikes, no discord between employer and employee. And while it is easy to talk about the destruction of business if the tariff is put on or taken off, yet there is no exaggeration in the statement that this establishment can not continue to manufacture bristles if the duty of 7½ cents per pound is taken off, and the ideal situation will be destroyed.

FIELDER C. SLINGLUFF,
Representing the William Wilkens Co., of Baltimore, Md.

BRUSHES.

CHAS. WOOD, LANSINGBURG, N. Y., COMPARES JAPANESE AND AMERICAN LABOR COST.

LANSINGBURGH, N. Y., *December 19, 1908.*

COMMITTEE WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As to proposed duty on toilet brushes, particulars as to which are set forth in the petition to you from the manufacturers of such here, the fact that the present duty of 40 per cent is now entirely inadequate is conclusively shown by the prices the importers sell them for in this country. A New York importer sold the Japanese nail brush furnished you with the petition to John Ferriss, brush maker, Albany, N. Y., for, as stated, per gross $10. We don't know cost to importer, but it was necessarily less than $10. Deduct duty of 40 per cent importer was supposed to have paid, say, $2.80, leaving price, exclusive of duty, say, $7.20. If to this was added the 80 per cent duty the petition requested, it would be $5.66, making cost to importer, say, $12.86.

Now nobody in this country can furnish the counterpart of such brushes for even less, as stated in petition, than $17.28 per gross, as its method of construction would be prohibitory in this country, owing to our labor being upward of four times as much as in Japan, our consul at Tokio, Japan, stating average of brush makers' wages in Japan are for males 50 cents per day, while ours average $2.

Women who do important parts, 15 cents per day in Japan; here upward of $1.

Children, 5 cents per day in Japan; in New York and some other States children not allowed to work at any price.

Also the duty on kinds of bristles not produced in our country, viz, those above 3 inches long, should be exempt from the 7½ cents per pound duty.

Yours, respectfully, CHAS. WOOD.

CABRETTA SKINS.

MASSACHUSETTS TANNERS AND WOOL PULLERS ASK THAT SHEEPSKINS BEARING WOOL BE PLACED ON FREE LIST.

PEABODY, MASS., *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: The undersigned members of the tanning and wool pulling industry of Salem and Peabody, Mass., respectfully request that sheepskins bearing wool, or hair, now included in the lower classification of Class III, Schedule K, of the present tariff law, and commonly known as "cabretta skins," be placed on the free list in the draft of the new tariff bill now being considered by your committee.

Our reasons for making the foregoing request may be summed up in the following brief facts, which we believe to be incontrovertible:

First. There are absolutely no skins of a similar nature raised in this country.

Second. The wool, or hair, from these skins can not enter into competition with any American-grown product, not being adapted for any better uses than the manufacture of ingrain carpets, very cheap blankets, or in many instances low-grade felting or even plastering purposes.

Third. The supply of domestic skins is not only wholly inadequate for the requirements of the tanning industry of the country, but is as well practically dominated and controlled by certain large interests through their close affiliations with the tanning trade. It becomes, therefore, imperative that, aside even from the foreign pickled skins and slat markets now duty free, the American tanners need and are entitled to other markets for raw material so long as they do not interfere with domestic production, in order that increased employment of American capital and labor may be encouraged and maintained.

Fourth. The hair produced on these skins in most instances will not cover the labor cost of removing and preparing for market, therefore any duty levied and collected on such skins tends to discourage their importation and necessitates their pulling by foreign labor, usually in the country of origin.

Fifth. While it is true that under the present tariff schedules it is possible to import these foreign pulled skins free of the duty, either in the shearling, slat, or pickled state, it is also an indisputable fact that such stock does not compare in quality with the American worked product. Cheap labor and crude methods are responsible for irreparable damage to the enamel of the skins, and what would be otherwise valuable raw material is rendered practically valueless.

Sixth. These types of skins are procurable in sizable quantities and there exists a broad field, both at home and abroad, in which the finished leather from this raw material may readily be marketed.

Respectfully,

The L. B. Southwick Company, by L. B. Southwick, president; Nathan H. Poor Leather Co.; A. B. Clark Co., A. B. Clark, president; George & Barry Leather Co., Richard Barry, president; Peter Sim & Sons; Heibrun Lea Co., A. P. Thompson; P. R. Gill, D. P. Gill, attorney; George Clerk; Joseph M. Lloyd; Littlefield Leather Co., S. S. Littlefield, treasurer; Rich'd Cunningham & Co.; Besse, Osborn & Odell (Incorporated), J. E. Osborn, treasurer; J. E. Osborn & Co.

CALFSKINS.

FRED RUEPING LEA COMPANY, MILWAUKEE, WIS., DEPRECATES ANY REDUCTION IN DUTY ON FINISHED CALFSKINS.

MILWAUKEE, WIS., *December 12, 1908.*

Hon. SERENO E. PAYNE,
Chairman of the Ways and Means Committee,
Washington, D. C.

DEAR SIR: In order that your committee may understand the effect that a protective duty has on the calfskin tanning industry of this country and the necessity for its continuance, we would submit the following facts:

This industry represents an annual production of between forty and fifty million dollars. The product is largely of chrome tannage, a method originating in this country, and up to about two years ago we had a very considerable export business in calf leathers.

Foreign manufacturers, particularly those of Germany, have gradually improved their product and are now manufacturing leather equal in every respect to any made in this country. The result has been that they have secured the larger part of our export trade for the reason that they have sold equally as good leather at from 10 to 15 per cent less than the prices we could make. Any reduction in tariff that would enable them to place their product on our home market on the same basis would be a severe blow to our industry.

Finished calfskins are sold on the basis of price per square foot, and Germany and France have a protective duty based on a rate per pound equivalent to about 2 cents per square foot, or about 12 per cent.

The reasons that enable them to make the lower prices are obvious.

First. About 70 per cent of the calfskins tanned in this country are imported from Europe and brought in free of duty. The foreign manufacturer buying in his home market at first hand has a distinct advantage. The price of domestic skins is governed by the price at which foreign skins can be delivered in our market.

The freight we pay from the interior to the foreign seaport is more than equal to the average freight he pays to his tannery, and all further freight charges are to us an additional expense. The rates

paid carrying from different shipping points and at different times are from 15 to 50 cents a hundred, averaging about 25 cents. The additional expense of freight from our place of import, of course, varies with the locality of the tannery.

Our purchases are of necessity made through commission houses or through dealers, the average cost of purchase being 3 per cent, which together with 1 per cent, consisting of freights, marine insurance, consular fees, etc., makes a 4 per cent additional cost to us on our raw material over the cost to the foreign manufacturer.

Second. Materials: Practically all of the tanning materials entering into our product are subject to duty, while all these materials are obtained without duty by our foreign competitors.

The following is a list of tanning materials which most largely are employed in manufacture and the percentage of duty based on the market prices of to-day:

	Percentage of duties.
Quebracho, extract, duty one-half cent a pound	11.11
Sumac extract, duty five-eighths cent a pound	16.66
Degras, duty one-half cent a pound	20.00
Sumac, duty $6.72 a ton	9.08
Tartaric acid crystals, duty 7 cents a pound	25.00
Lactic acid, duty 3 cents a pound	85.71
Alum, powdered, duty one-half cent a pound	28.57
Alumina, sulphate, duty one-half cent a pound	27.77
Blue vitriol, duty one-half cent a pound	10.00
Ammonia, 22 degrees	25.00
Copperas, duty one-fourth cent a pound	33.33
Hæmatin, duty seven-eighths cent a pound	7.29
Hyposulphite of soda, duty one-half cent a pound	35.71
Logwood extracts, duty seven-eighths cent a pound	12.59
Potash, bichromate, duty 3 cents a pound	47.06
Soda, bichromate, duty 2 cents a pound	32.94
Aniline colors	30.00
Sulphuric acid, duty one-fourth cent a pound	27.72

Figuring on the tanning materials on the basis of the relative amounts of each kind consumed in actual manufacture, the percentage of cost averages fully 25 per cent against us on account of duties.

Third. Labor: Of all the conditions existing in manufacture under which we are at a disadvantage this is of the most vital importance. To meet the labor conditions in the foreign factories would be a serious blow to thousands of American workmen. Viewed from the point of manufacturing, it would be impossible to compete with other industries and obtain labor at anything like the prices paid in the European tanneries.

From information obtained from the best sources, the existing cost of labor in European tanneries is 50 per cent less than the cost in American tanneries. This information has been carefully gathered from foreign tanners and from laborers in this country who have recently worked in tanneries abroad. This difference of 50 per cent does not mean the difference in a day's pay, but the actual difference in cost of the leather produced for a day's pay.

In addition to the costs of production mentioned, there is a material difference in cost and maintenance of plants as well as a considerable difference in land values.

Following is a table of cost which has been made up on the following basis.

The raw calfskin cost is based upon the average cost for the past ten years.

The labor, tanning materials, and other expenses are based upon the actual cost of these items to a representative tannery running continuously for eighteen months.

[Cost per square foot.]

Average cost of raw calfskins for the past ten years, including freight and buying charges, $0.12, equals 73.98 per cent (A) of total cost of $0.1622 per square foot.

Labor (based as above stated), $0.019276, equals 11.89 per cent (B) of total cost of $0.1622 per square foot.

Tanning materials (based as above stated), $0.013842, equals 8.53 per cent (C) of total cost of $0.1622 per square foot.

Other expenses (based as above stated), $0.009082, equals 5.60 per cent of total cost of $0.1622 per square foot.

Total cost per foot on this basis, $0.1622, equals 100 per cent of total cost of $0.1622 per square foot.

ADVANTAGE TO FOREIGN CALFSKIN MANUFACTURERS.

[Freight and buying charges included in cost of raw calfskins.]

Four per cent of above 73.98 per cent (A) equals 2.96 per cent of total cost of $0.1622 per square foot.

Labor, 50 per cent of above 11.89 per cent (B) equals 5.95 per cent of total cost of $0.1622 per square foot.

Tanning materials, 25 per cent of above 8.53 per cent (C) equals 2.13 per cent of total cost of $0.1622 per square foot.

Total advantage to foreign calfskin manufacturers equals 11.04 per cent of total cost of $0.1622 per square foot.

In consideration of the above facts, we believe that any reduction in the duty on finished calfskins would result in serious injury to our industry.

Respectfully submitted.

Fred. Rueping Leather Co.,
By F. J. Rueping, *Treasurer.*
(*Tanners of 5,000 calfskins per day.*)

COAL.

THE FAIRMONT (W. VA.) COAL COMPANY OPPOSES FREE COAL UNLESS COUPLED WITH RECIPROCITY.

Fairmont, W. Va., *December 16, 1908.*

Committee on Ways and Means,
House of Representatives, Washington, D. C.

Gentlemen: Last week the undersigned went to Washington to attend the session of your committee while considering the coal industry, and learned that you were willing to have suggestions made in writing.

Our investigation shows that the bituminous coal imported into the United States during the year 1906 aggregated 1,819,768 tons from the following ports: Pacific, 753,936; northern and lake, 262,671; Atlantic, 803,158.

During the same year the United States exported to British North America 5,357,004 tons.

In 1907 the United States exported to British North America 7,194,546 tons of bituminous coal, while the imported coal decreased to 1,689,869 tons. In other words, in 1907 we sold to Canada nearly five times as much bituminous coal as we bought from her.

The territory which lies about 200 miles east from Winnipeg and about 100 miles west of Montreal is practically an American market for bituminous coal.

The Canadian Pacific and Grand Trunk railroads pay yearly in the vicinity of $1,000,000 duty on American coal.

Canada receives more than five times as much duty from its purchasers of American bituminous as that received by the United States from its purchasers of Canadian coal. We respectfully submit that this should not be—we should either have reciprocal free coal or the same duty on bituminous coal in both countries. Free coal without reciprocity will greatly injure the coal industry; certainly such a proposition will not, I think, be seriously considered.

Very respectfully,

A. B. Fleming,
Representing Fairmont Coal Company.

CORKS.

THE J. H. PADDOCK COMPANY, BROOKLYN, N. Y., URGES MAINTENANCE OF PRESENT DUTIES ON CORKS.

Brooklyn, N. Y., *December 17, 1908.*

Hon. Sereno E. Payne,
Chairman of the Ways and Means Committee,
Washington, D. C.

Dear Sir: As manufacturers of corks, we respectfully ask your consideration of the following facts, in connection with the contemplated revision of the present tariff: In 1897 the value of the corkwood imported into this country was $1,323,000, and the value of the manufactured corks $463,000. In 1907 the value of the corkwood imported was $2,358,000, and of the corks $1,704,000. This shows that under the tariff now in effect the importation of raw material has increased about 75 per cent, while the importation of manufactured corks has increased 225 per cent, and certainly refutes the statements of some of the cork importers made at the hearing at the evening session of November 28 last, that the tariff on manufactured corks was too high. In 1897 the average wages paid employees in this business was: Men, $10 per week; machine girls, $3.50 per week; sorters, $4.50 per week.

The average wages now paid are: Men, $14 per week; machine girls, $5 per week; sorters, $7 per week.

If the tariff is lowered, we will be compelled to decrease the wages of our employees proportionately. We also beg to state that the prices of corks manufactured in this country are not controlled by any trust, as stated by some of the cork importers at the hearing given them. We are one of at least 20 manufacturers, all of whom are absolutely independent, and among whom competition is very keen.

In view of these facts, we ask that the present tariff be at least maintained, if not increased.

Very respectfully, yours,

THE J. H. PADDOCK CO.,
By J. H. PADDOCK.

THE ARMSTRONG CORK COMPANY, PITTSBURG, PA., FILES SUPPLEMENTAL BRIEF IN REPLY TO STATEMENTS MADE.

PITTSBURG, PA., *December 14, 1908.*

THE WAYS AND MEANS COMMITTEE,
Washington, D. C.

SIRS: Our attention has been called to statements made by Messrs. Francisco Llado Farrell, Joseph Torres, Ferdinand Gutmann, and the Manhattan Cork Specialty Company in regard to the cork manufacturing industry in the United States. As these statements are inaccurate and misleading we feel called upon to reply.

Mr. Farrell states that as no corkwood is produced in the United States it is not necessary to protect the manufactured product and that the present duty is prohibitive. The best answer to this claim is that from 1897 to 1907 under the present law the importation of manufactured cork bark increased 267 per cent, whereas the importation of cork bark unmanufactured—the raw material—increased only 78 per cent. Mr. Farrell asserts that the increase in importations of corks larger than three-fourths inch in diameter consists mostly of cork disks. This is true, but these cork disks are corks used to stopper bottles and each disk takes the place of one of the old-style corks. If his argument proves anything it is that the present duty is not high enough to protect the American manufacturer.

Mr. Farrell says further that owing to the present duty on manufactured corks in this country, Spain and Portugal are considering an export duty on cork bark. The fact is there is now, and has been for many years, an export duty on corkwood. The Spanish export duty is 5 pesetas per 100 kilos, which is equivalent to 40 cents per 100 pounds. In the case of the raw material used for life-preservers, insoles, etc., this duty amounts to from 20 per cent to 40 per cent ad valorem.

Mr. Farrell makes the statement that the cork industry is controlled by a combination which has arbitrarily advanced the prices of corks from 25 per cent to 50 per cent, in spite of the fact that the price of cork bark—the raw material—has not advanced for the last fifteen or twenty years. There are in the United States more than 20 manufacturers of corks entirely independent of each other, and competition in the business is so keen that the average price of corks to the consumer has not increased during the last ten years, notwithstanding the fact that there has been a material advance in the cost of labor and manufacturing supplies of all kinds. There has been an enhancement of 10 per cent to 20 per cent in the value of fine corkwood of all thicknesses during the last five years.

Mr. Torres states that this company controls 85 per cent of the corks and cork products manufactured in the United States. Mr. Farrell asserts that the home manufacturers now control 85 per cent

of the corks consumed in the United States. Evidently the importers agreed upon a percentage, but did not have a clear understanding as to how it should be calculated. Both statements are incorrect. A very careful estimate shows the value of manufactured corks, including cork disks, consumed annually in the United States to be about $6,000,000. Of this amount, the statistics of the United States show that $1,704,030 were imported in 1907 and the amount of duty paid on the same, $390,714, making the entire value $2,194,744. Estimating the domestic consumption at $6,000,000, it is clearly seen that 36 per cent of this amount is represented in the imported material, making no allowance whatever for an importer's profit.

Mr. Torres states that the cost of manufacturing in Spain is higher than in the United States, with which assertion we do not agree. In our previous statement, we submitted a table of comparative wages actually paid by us in our factories in Pittsburg, Pa., and Seville, Spain, in which we show that the wages in Spain are about one-quarter of those paid in the United States. While our manufacturing in Spain has been confined largely to specialties, we have found by experience that we actually turn out as much per operative in our Seville factory as we do in Pittsburg. Properly organized, led, and drilled, the Spaniard makes a very efficient workman, and we are certain that corks can be manufactured in Spain at one-quarter of the American cost for labor and necessary factory expenses. Modern machinery has been largely introduced into Spain of late years and a large proportion of the so-called Spanish hand-cut corks are now turned out by machine.

Mr. Torres states that we are able to compete in Porto Rico, Cuba, Mexico, and the South American Republics, which statement is incorrect. We do sell some corks in Porto Rico at American prices, but elsewhere we do practically no export business in the cork line, as we have long since found it a waste of time to try to compete with the European manufacturers.

Mr. Torres lays great stress on the high ad valorem equivalents of the 25 cents per pound duty on small tapered corks of low quality, but he forgets to explain that the proportion of these actually used in this country is exceedingly small. We have checked over our sales of corks and find the percentage of this class is 6 per cent of the total. When we remember that the actual labor and other factory expense on 1,000 of these low-grade corks is as much or even a little more than it is on the same quantity of high quality corks of the same size, the specific duty does not seem unjust in this case. Comparatively few small tapers or medicine corks are used in Europe. In making bottle corks seven-eighths inch or larger in diameter the Spanish manufacturers necessarily accumulate considerable scrap or pieces too small for a full cork. This material is sold for little more than the price of waste, and the large element of cost is the labor of squaring and turning to shape.

Very few bottle corks lower in quality than fine beer corks, shown in our table on page 2763, are consumed in this country. The percentage shown by our sales of these cheap bottle corks, taking into account all sizes and lengths, is 2 per cent of the total.

Mr. Gutmann states that corks are manufactured abroad almost entirely by hand. This statement is incorrect, as the German firm which Mr. Gutmann represents in this country is well known to have its factory equipped with modern machinery.

Mr. Gutmann says that on account of the high duty on corks the American consumers have been forced to use crown stoppers. We are surprised that Mr. Gutmann would make this statement. The reason that the patent tin cap known as the crown is so generally used is partly because of its cheapness, but principally because of the ease with which it can be applied to and removed from the bottle. As the tin part of the cap costs very little, and the thin cork disk, one-ninth of an inch thick, requires only about one-tenth as much cork, the cost of the complete crown is from 25 per cent to 50 per cent of that of the old-fashioned cork, depending of course on the quality of the cork. This trade change is not a question of duties, but of the economical advantage of the new style stopper for certain uses. The crown cork requires a special bottle, and for this reason and for the well-known conservatism of the people, its introduction in Europe has been slower than in the United States. However, it is now used extensively in Europe, South America, and the Orient, and in time will certainly displace to great extent the old style cork for certain uses.

Mr. Gutmann refers to the experience of his firm in establishing a factory in this country. The house he represents is an old one in the business and should thoroughly understand all its details, but after a year's trial they found it more economical to manufacture in Germany and pay the United States duties than to pay American wages and American expenses for conducting their business in this country. He refers to the difficulty of finding suitable labor for cork making in the United States, and contrasts it with conditions in Germany. We and other domestic manufacturers have no serious trouble in getting all the operatives we need, provided we pay wages equal to those paid for similar help in other industries. Mr. Gutmann practically says that American conditions are now too difficult to manufacture successfully. Why, then, should they be made more so by lowering the duties?

In the statements of the Manhattan Cork Specialty Company and the American Cork Specialty Company, printed on page 2766 of first print No. 21 of the tariff hearings, and of Joseph Torres, printed on page 2767 of the same, the charge is made that our company is importing cork disks at fictitiously high prices to deceive your committee into believing that the duty should be raised. In the first place, our company is importing no disks, and, further, we have asked for no increase in duty on this article, although we have stated that the present duty does not protect the American manufacturer. In this connection we call your attention to the fact that the American Cork Specialty Company, the Diamond Cork Company, and L. Mundet & Son, of Brooklyn, are practically one concern, all being controlled by L. Mundet & Son. The Diamond Cork Company are manufacturers of corks, yet the American Cork Specialty Company, which manufactures crown corks, finds it cheaper to import their disks used in these crowns through L. Mundet & Son than to manufacture them here in their own factory, which is run under the name of the Diamond Cork Company.

In Mr. Gutmann's statement of November 28 he calls attention to the small importations of cork squares, alleging it to be due to the duty of 8 cents per pound. The real reason is that very few, probably not 2 per cent, of the corks made in this country are cut from squares, the usual method being to bore or punch the cylindrical cork direct

from the strip, thus entirely obviating the making of squares. The duty of 8 cents per pound on squares is not too high, as the labor cost of making squares is at least 60 per cent that of the finished cork.

Mr. Gutmann's statement conveys the impression that tapered corks are generally made by hand in Europe, while in this country it is done by automatic machinery. Mr. Gutmann must know better than this, as the European house he represents has a modern factory equipped with up-to-date machinery for making tapered corks, straight corks, disks, cork paper, and various specialties. Mr. Gutmann tacitly admits this in other parts of his brief.

Mr. Gutmann speaks of the trained labor of Europe, peculiarly fitted for cork making, saying it is practically impossible to teach American operatives to successfully do this work. Our house has made corks and cork products on a large scale for forty years or more in this country, and we now have hundreds of employees who are as highly skilled in this art as any others in the world. It of course requires time and patience and entails considerable expense to train help for this work, but it has been done and can be done again.

Mr. Gutmann claims cork paper can not be made successfully in this country. This is also incorrect, as we have made this material on a large scale for years and are making it to-day—our product being equal in every way to the foreign article. Our company has as large capacity for producing cork paper as any concern in Europe.

Mr. Torres says we ask a specific duty of 8 cents per pound on cork soles, while he claims 4 cents is the equivalent of the present duty. As a matter of fact we recommended 5 cents per pound instead of 8 cents, and believe that if the 5-cent rate is adopted the great majority of these goods will still be imported. We ourselves make these insoles abroad, as we can do so cheaper than we can in this country. We think it is better to have the duty specific, as its collection is easier and more certain. We import more cork insoles than any other house, which statement can readily be verified by reference to records of the United States customs service. Practically all of the cork-sole blanks used in our business are imported from our Seville factory. Our Spanish factory is located at Seville, in the midst of the great cork-wood producing district of Andalusia. Although manufacturing is carried on more extensively in Catalonia than in Andalusia, this latter province is an important center in the industry. The wages in different parts of Spain vary slightly, but only slightly, and are perhaps a shade higher in Catalonia than in Andalusia, but the Catalans themselves claim to be able to produce cheaper on account of the greater efficiency of their workmen. Our figures of labor costs are from our own pay rolls in Seville and Pittsburg.

* * * * *

The importers in their statements allege that our company is a trust and controls the cork industry. This charge is untrue. As already stated, there are over 20 entirely independent manufacturers in the United States, and the competition in this industry is probably as keen as in any other business in the country. We do not control prices at which manufactures of cork are sold; we have absolutely no price agreements or understandings with other manufacturers; we do not own any corkwood-producing properties or control the raw material in any way; we buy our supplies in Spain, Portugal, and the United States, in the open market, the same as other manufactur-

ers; we own no broad patents on cork-making machinery to give us any advantage over competitors.

To sum up, we have not asked for an advance in duty, but have recommended the placing of certain articles on a specific basis, as we are firm believers in the wisdom of specific duties wherever practicable. In this industry it has been conclusively proved in past years that an ad valorem duty opens the door to fraud through undervaluation and the honest importer is forced out of business. In the working of a specific duty, there is necessarily some variation in the ad valorem equivalents, but as the average ad valorem equivalent for 1907 is 22.93 per cent, and for the first nine months of 1908 about 20.88 per cent, the duty is not high compared with most other manufactured articles.

We earnestly urge your committee to retain the present rates of duties on manufactures of cork and we state most positively that any reduction will work great hardship to the industry in the United States.

Respectfully submitted.

ARMSTRONG CORK COMPANY,
CHAS. D. ARMSTRONG, *President.*

CORUNDUM GRAINS.

THE AMERICAN EMERY WHEEL WORKS, PROVIDENCE, R. I., WISHES PULVERIZED CORUNDUM ON FREE LIST.

PROVIDENCE, R. I., *December 17, 1908.*

Mr. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We wish to call the attention of your committee to the duty on corundum grains (ground or pulverized corundum) and state the reasons why we believe corundum grains should be put on the free list.

Corundum (by which we mean corundum grains) was not listed in the Dingley tariff bill, but it has always been taxed under the classification of emery grains, the duty being 1 cent per pound. This seems to be obviously wrong, and we believe a serious, though excusable, mistake was made in classifying corundum as emery.

Emery is magnetic iron ore carrying 30 to 60 per cent of microscopic corundum crystals. Emery ore is mined almost wholly in Turkey and Greece. The ore occurs in solid, massive form, free from foreign matters. It is shipped, just as it comes from the mines, to this country at a very low freight rate. There are several companies in this country engaged in crushing and grading emery ore, and the duty of 1 cent per pound on emery grains was doubtless (and properly) imposed to protect these companies.

The circumstances surrounding corundum are entirely different. The ore is in the form of small crystals. These crystals are embedded in various kinds of rock. The proportion of corundum crystals is seldom 10 per cent of the whole mass. It is therefore absolutely necessary to crush, grade, and separate the corundum grains at the mines. The only source of corundums suitable for our purpose (the

manufacture of grinding wheels) is Canada. There is no corundum being mined in this country of any commercial importance, and there never has been a supply in this country suitable for our requirements. Inasmuch as corundum ore can not be brought into this country (as 90 per cent or more of rock would have to be brought with it), it can not be crushed and graded here, duty or no duty. We would also mention that the Canadian government demands that the ore be crushed and graded in Canada.

Corundum can not be said to compete with emery, as it is sold for about double the price. We are obliged to use corundum in making a large proportion of our wheels, as wheels made of emery are not nearly as efficient as wheels made of corundum for most grinding operations.

We and other manufacturers of corundum wheels come in competition with wheels made of artificial abrasives. These artificial abrasives are made by patented processes, and are monopolized exclusively by the companies making them. These two companies are not selling their patented abrasives to other wheel manufacturers.

It will be noted from the foregoing that the duty on corundum grains protects no one but the manufacturers of the monopolized artificial abrasives. The duty makes the wheels cost more to the consumer, and works a hardship on the wheel manufacturers who have to compete with manufacturers using their own monopolized abrasives.

The duty lessens our export trade, as corundum wheels are made in Europe, especially Germany, at lower prices than we can make them. We make better wheels than the Germans do, and with corundum on the free list (equivalent to a reduction of about 14 per cent in its cost) we could largely increase our export trade. We are unable to take advantage of the drawback on account of the constantly varying proportion of corundum and other materials in our wheels.

We request that you give this matter careful consideration. We believe all of the manufacturers of corundum wheels will indorse the statements we have made.

Yours, very truly,

American Emery Wheel Works,
H. A. Richmond.

HIDES.

S. H. COWAN, FORT WORTH, TEX., WRITES RELATIVE TO STATEMENT MADE BY H. E. MILES.

Fort Worth, Tex., *December 16, 1908.*

Hon. Sereno E. Payne, *Chairman,*
Washington, D. C.

My Dear Sir: I notice that in the examination of Mr. Miles before the committee on December 8, as reported in the printed hearings (first print, No. 29, of that date, p. 4081), Mr. Miles makes several state-

ments in regard to the matter of tariff on hides, and among others stated:

> It is entirely uncertain whether the farmer gets any of this 90 cents or not. He may get some of it, and at times he may get all of it, but there is a strong probability that the packer gets all, for the making of prices, both on live stock and on meat, rests, as a matter of fact, with the packing trust. The packers and the growers are both thoroughly aroused and dissatisfied because of the restriction, unnecessary as they believe, of the foreign market, and many stock raisers and all the packers are willing to give up the tariff on hides if only they may have an enlarged market, developed through governmental negotiations.
>
> The statements above made are approved by Judge Cowan, who appeared before you Saturday in the interest of the live-stock raisers of the United States.

If by his expression that I had approved these statements he meant that I had approved that part of it with respect to the tariff on hides, I very respectfully say that Mr. Miles is very much mistaken, as my statements before the committee show. Neither did I state that the fixing of the price of either hides or live stock or meats rested with the packer. I explained my position thoroughly to the commission on that subject to which I here refer. I suppose, however, that Mr. Miles meant that I approved his statements in regard to the packers and stock growers being dissatisfied by unnecessary restrictions in foreign markets on our dressed beef and live cattle. Mr. Miles asked me whether the raisers of cattle would not be better off to give up the duty on hides if they could get in consideration thereof access to the markets of Europe for dressed beef and cattle, and I answered him in the affirmative, but I did not and do not mean by that to concede that the putting of hides on the free list would have any such result, my own opinion being that in the construction of the tariff on articles manufactured in continental countries of Europe the minimum should be low enough to permit favorable trade agreements and ought to embrace the extension of the trade in dressed beef and live cattle. The importance of it can not be overestimated, and the American-National Live Stock Association and the Cattle Raisers Association of Texas, which organizations I represent, will ask the privilege from this committee to present at a future date the detail of fact respecting our surplus meat production and our foreign trade with a view to laying before your committee the entire facts for its consideration, and with respect to the importance of so adjusting the tariff duties as to probably secure an extension of our foreign trade in meat products and in live cattle on the hoof through reciprocal trade agreements which this Government may make and which have a margin in the tariff sufficient to enable it to do so.

The annual convention of the American National Live Stock Association is to be held at Los Angeles on the 26th, 27th, and 28th of January, and at that time will provide the ways and means and committees to represent it to lay these matters before your honorable committee in case opportunity shall be afforded, and at that time to likewise present to your committee the expression of the combined live-stock interests of the country respecting the tariff on meat animals and the products of meat animals.

I would thank you for the information as to whether it is probable that during this present session of Congress your committee will be able to afford an opportunity to the stockmen to appear on some day which may be fixed and to present their views in these particulars.

I respectfully request that the correction with reference to Mr. Miles's statements which I have made in the foregoing letter be inserted in the record of your proceedings.

Very respectfully,

S. H. COWAN.

HON. JOHN J. ESCH, M. C., FILES RESOLUTIONS OF THE MILWAUKEE (WIS.) BOOT AND SHOE MANUFACTURERS.

MILWAUKEE, WIS., *December 14, 1908.*

Hon. JOHN J. ESCH, M. C.,
Washington, D. C.

DEAR SIR: Inclosed you will please find copy of the resolutions adopted by the Milwaukee boot and shoe manufacturers. These resolutions explain themselves.

We would be glad if you would support the movement for free hides when it is brought before your consideration.

Will you not be kind enough to let me hear from you in response to this letter?

Yours, very truly,

W. N. FITZGERALD, *Chairman.*

MILWAUKEE, *November 17, 1908.*

Whereas a revision of the tariff is now being considered by the Ways and Means Committee of the National House of Representatives, adapted to present conditions of the industries of the United States; and

Whereas, the boot and shoe industry of this country, now representing an annual production of about $400,000,000, has, since the passage of the Dingley bill in 1897, been suffering from an unjust and unnecessary tariff on hides of 15 per cent, which is a discrimination against the American manufacturer and in favor of the European manufacturer; and

Whereas it is an undisputed fact that this tariff works also to the detriment of the consumer of boots and shoes, especially to those that use boots and shoes made of the heavier leathers, and also deprives labor in our tanning industries of their legitimate amount of work on account of the scarcity of hides, the importation of which is largely checked through the present tariff: Be it therefore

Resolved, That the undersigned boot and shoe manufacturers of the city of Milwaukee and State of Wisconsin, in meeting assembled this 17th day of November, 1908, respectfully but most earnestly petition the Ways and Means Committee to give this matter due consideration, and recommend the removal of this tariff which is an injury and imposition on one of the leading industries of this country and protects nobody, as hides in their raw state are not a manufactured product, and cattle are sold by the farmer on hoof for beef for which he does not receive any advance in price no matter what the market price of hides may be; be it further

Resolved, That a copy of the above resolutions be submitted to the Wisconsin Representatives in Congress and to our United States Senators.

Harsh, Smith & Edmonds Shoe Company, per Geo. R. Harsh, president; V. Schoenecker Boot and Shoe Company, per John J. Gasper; Kalt-Zimmers Manufacturing Company, per Mich. Zimmer, secretary and treasurer; Mayer Boot and Shoe Company, per A. J. Mayer; A. H. Weinbrenner Company, per I. H. Gage; Bradley & Metcalf Company, per W. N. Fitzgerald; Beals & Torrey Shoe Company, per F. E. Beals, president; F. Rich Shoe Company, per A. W. Rich; Weyenberg Shoe Company, per F. L. Weyenberg.

HON. EDWIN DENBY, M. C., FILES LETTER OF PIERSON & HOUGH COMPANY, DETROIT, MICH.

DETROIT, MICH., *December 15, 1908.*

Hon. EDWIN DENBY,
House of Representatives, Washington, D. C.

DEAR SIR: Permit us to call your attention to the duty on hides of cattle, which is of no benefit to anyone but the few people who are engaged in the so-called packing business.

We beg you to use your influence toward the end that the present duty on hides shall be removed.

Yours, very truly, PIERSON & HOUGH CO.

HON. E. B. VREELAND, M. C., SUBMITS RESOLUTION ADOPTED BY THE MANUFACTURERS' ASSOCIATION OF JAMESTOWN, N. Y.

JAMESTOWN, N. Y., *December 7, 1908.*

Hon. E. B. VREELAND,
Salamanca, N. Y.

DEAR SIR: At our annual meeting, held December 1, the following resolutions, introduced by F. E. Shearman, were adopted:

Whereas the furniture manufacturers use a great quantity of leather in the manufacture of furniture, all of which leather is manufactured of cattle hides; and

Whereas the duty of 15 per cent imposed upon cattle hides by the Dingley tariff law of 1897 increases materially the price of tanned cattle hides; and

Whereas we believe the removal of said tariff on hides will result in the lowering of prices on all articles of furniture on which leather manufactured of cattle hides is used, and thus be of benefit to the masses of people of the country: Therefore be it

Resolved, That the Manufacturers' Association of Jamestown, N. Y., and its members respectfully ask our Representative in Congress, Hon. E. B. Vreeland, to use his best endeavors to have said duty of 15 per cent on hides abolished.

THE MANUFACTURERS' ASSOCIATION
OF JAMESTOWN, N. Y.,
R. J. BOOTEY, *Secretary.*

HIDES AND FURS.

DANIEL P. TOHILL, HAILEY, IDAHO, WANTS THE DUTY KEPT ON HIDES AND DUTY PLACED ON FURS.

HAILEY, IDAHO, *December 8, 1908.*

To the CHAIRMAN WAYS AND MEANS COMMITTEE,
Washington, D. C.

MY DEAR SIR: A few days ago agents of the leather trust and the shoe manufacturers appeared before your committee and asked to have hides placed on the free list, claiming that the beef trust controlled 70 per cent of the hides of the United States. This is a clear case of satan rebuking sin. Now, as a matter of fact, the beef trust controls less than 30 per cent of the hides of the country. The great bulk of the hides of the country come from the butcher shops of the country towns and the farms of the country. If an animal dies on the farm or on the western range all the owner has left is the hide. When the Dingley bill was under consideration the leather trust got in its work by having the duty on hides placed as low as 15 per cent, when it ought to be at least three times as much. Now it comes forward and asks for free hides. It is to be hoped that your committee will treble the present duty, as shiploads of hides will still continue to come from Australia, Argentina, Mexico, and Canada. In the countries just mentioned hides are almost valueless and an increased duty will simply mean that the United States will receive more revenue from that source. Since the panic of a year ago hides have fallen nearly a half in price, but the price of leather remains the same. In some instances it has been increased.

There is another way to increase Uncle Sam's revenue and at the same time make the rich pay for it. Furs are on the free list, notwithstanding the fact that they are a luxury of the rich as much so as diamonds and silks. The vast quantity of raw furs entering this country from Canada, Siberia, and Asia ought to be made a source of revenue by placing a heavy tariff on them.

In revising the present tariff it is to be hoped that you will do justice to the poor producers of our land and place the burden on those best able to bear it.

Most truly, yours. DANIEL P. TOHILL.

FUR FELT HATS.

JAMES MARSHALL & BROS., FALL RIVER, MASS., WRITE RELATIVE TO MENACE OF FOREIGN COMPETITION.

FALL RIVER, MASS., *December 18, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Supplementing the brief filed in the interest of the fur felt hat manufacturers, would like to add as further proof that we are right on the threshold of importations of popular-priced hats copies of a leading trade journal, showing advertisements of foreign hat manufacturers.

In 1898 (ten years ago) there were but two, and both of these cater to the better class of trade, some of whom do and always will buy foreign-made hats. Five years ago but four, and still those who cater to the better class of trade. Finally, the last issue, showing 12 foreign hat manufacturers advertising, and the majority of these are catering to the popular-priced hat, similar to the one I exhibited before the committee.

Copies of the trade journal of the above dates, showing the advertisements, and with the index marked, are forwarded to the Ways and Means Committee in care of the Hon. E. J. Hill.

A careful study of the importations in these years will also bear out this contention, and it should be a very significant fact that the last year, when the importations of almost every other kind of merchandise fell below normal, that hats increased to the largest number of dozens in any one year of our history.

Will say, further, that we will have further facts concerning the costs of labor abroad and the costs of labor here, and will forward them if the committee so desire.

Yours, respectfully,

James Marshall & Bros.
James Marshall, *Chairman.*

GREEN HIDES AND TANNING MATERIALS.

THE J. G. CURTIS LEATHER COMPANY, LUDLOW, PA., WANTS FREE HIDES AND FREE TANNING MATERIALS.

Ludlow, Pa., *December 17, 1908.*

Hon. Sereno E. Payne,
Chairman Ways and Means Committee,
Washington, D. C.

Dear Sir: As president of the J. G. Curtis Leather Company, of Ludlow, Pa., I desire to present in the following letter briefly my views on the contemplated revision of the tariff laws.

This company tans and finishes green salted hides weighing over 25 pounds per hide into high-grade fancy leathers as well as some commoner grades.

This company uses entirely vegetable tanning materials, about 75 per cent of which is of foreign origin.

I believe it to be for the best interest of the people at large, as well as to this company and all tanners and finishers using the same materials, that—

First. All duties on foreign green salted hides should be removed, as it seems to me such hides should be classed as raw material.

Second. That all foreign raw tanning material should come to this country free of duty for the reason that the domestic supply of raw tanning material, consisting principally if not wholly of bark, is rapidly disappearing, and a large percentage of what there is left is owned or controlled by large tanning companies or so-called trusts.

Of the tanning material used in this tannery 50 per cent is quebracho extract imported from South America; 25 per cent is imported

raw material consisting of myrabolams and mangrove bark; the balance, 25 per cent, is from domestic hemlock bark which we are obliged to purchase from the large companies before named and transport by rail 75 miles, thereby increasing its cost quite 50 per cent over the price paid when the hills about here were covered with hemlock forests. These hills are now as bare as the back of one's hand.

In my opinion, if the tanning interests of this country were limited to the domestic supply of vegetable tanning material the forests of the South would shortly be stripped as clean as they have been in portions of the Northern States.

Third. That the duty on imported tanning extracts should be reduced to a point to afford protection to domestic-made extract. The present duty on quebracho extract, I believe, is one-half cent or more per pound. It seems to me this duty could be reduced one-half, possibly more, and yet afford domestic producers ample protection.

Fourth. That the present duty on rough leather and finished leather of all kinds be maintained so as to protect our domestic producers from competition from leather made in countries where labor and material is cheap and from some countries—South America, India, and perhaps others—where cheap labor and cheap tanning material are combined.

The packers are accused of controlling the hide market, also of being interested in tanning their own hides; consequently, if true, are an important factor in the leather market. It requires no extravagant stretch of the imagination to conceive of these parties becoming interested in the South American packing plants, where tanning material is both abundant and cheap, and opening tanneries and shipping their leather to this country should the tariff on leather be removed.

Respectfully, J. G. CURTIS LEATHER COMPANY,
NATHAN P. CUTLER, *President.*

IVORY BILLIARD BALLS.

THE OTTO GERDAU COMPANY, NEW YORK CITY, FILES SUPPLEMENTAL STATEMENT RELATIVE TO LABOR COST.

NEW YORK, *December 19, 1908.*

Hon. SERENO E. PAYNE,
Chairman of the Committee on Ways and Means,
Washington, D. C.

DEAR SIR: Referring to my letter addressed to you under date of November 18, it occurred to me that you perhaps would like some proof to support my assurance that the whole labor in this country to finish ivory billiard balls does not cost above 5 per cent.

I therefore made an inquiry of the two best ivory turners in this city at what price they would turn and finish billiard balls for me, and you will see from their two inclosed answers that one asks 25 cents for turning the balls and 19 cents for finishing them, which makes it 44 cents per ball; while the other asks a straight price of

35 cents per ball for the whole business, and as a 2⅜-inch block of ivory, which is the size used for billiard balls, averages $10 in cost, you will note that the percentage is in both cases less than 5 per cent. It has always been represented to me that the cost of turning and finishing billiard balls is 30 cents per piece, and the difference between this rate and the quoted prices of the turners is no doubt their profit; but as even these latter prices do not exceed 5 per cent, I think it must be plain to you that it would be without sense or reason to leave a duty of 50 per cent on ivory billiard balls, but if you reduce the duty only 25 or 30 per cent, you may as well leave it 50 per cent, because when an article costs here only 3 per cent to manufacture, you can not make the duty more than 5 per cent and expect any importations.

I trust that you will include this proof of my former statement in your record, and I am,

Yours, respectfully, OTTO GERDAU.

EXHIBIT A.

NEW YORK, *December 15, 1908.*

THE OTTO GERDAU COMPANY,
New York.

GENTLEMEN: We herewith quote you price to rough ivory balls and finish them for 35 cents each.

In case you should favor us with the work and the ivory delivered to us, we would request you to take the responsibility of having same insured.

Trusting to hear favorably from you, we are,

Yours, truly,

THE A. JOSEPH KAPP SONS' IVORY CO.

EXHIBIT B.

NEW YORK, *December 14, 1908.*

DEAR MR. GERDAU: We have never roughed ivory balls for money. We charge nothing for the work, but keep the rings in payment; but if we make a price it must be 25 cents, and then we return the rings. The roughing of balls from blocks is a difficult operation, and unless carefully done you would lose much in the deterioration of the ball, and if sufficient time and judgment is used it pays better than to hurry the work in order to do it cheaply. We prefer to have a man do 25 balls a day carefully than to have 50 or more done carelessly.

To finish balls we will charge 75 cents per set of four or 25 cents each. Of course it depends somewhat on quantity; if you can have enough done at one time to give a man a few days' work it may be cheaper. At any rate, our prices may be higher than some competitors, but our work is also superior, just as your blocks are superior to most others.

Yours, etc., F. R. KALDENBERG.

MATCHES.

THE DIAMOND MATCH COMPANY ASKS AN INCREASE IN DUTY TO MEET FOREIGN COMPETITION.

NEW YORK, *December 16, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: We respectfully ask your consideration of that portion of the tariff law fixing the import duty on matches, paragraph 423 of which is as follows:

Matches, friction or lucifer, of all descriptions per gross of 144 boxes containing not more than 100 matches per box, 8 cents per gross; when imported otherwise than in boxes containing not more than 100 matches each, 1 cent per 1,000 matches.

We ask that this paragraph be revised to read as follows:

Matches, friction or lucifer, of all descriptions per gross of 144 boxes containing not more than 100 matches per box, 12 cents per gross; when imported otherwise than in boxes containing not more than 100 matches each, 1½ cents per 1,000 matches.

There are about 15 or 16 companies engaged in the manufacture of matches in the United States, but the business is not one that has been generally profitable. While it is true the Diamond Match Company has been successful, it has been only because its constantly increasing volume of business has more than counterbalanced the steady increase in the cost of manufacture. In the production of matches white pine is almost exclusively used for the match stick or splint, because of its free-burning nature, its quick absorption of paraffin, and generally attractive appearance to the consumer; but, by reason of the continued advance in the price of lumber and labor, the cost of the stick has increased 70 per cent in the past ten years. During the same period all other materials, as well as labor employed in the manufacture of matches, have advanced greatly. Nevertheless the Diamond Match Company has made no corresponding advance in the selling price of its matches, nor were its prices advanced at the time the present tariff law went into effect. On the other hand, the company has relied for its profit upon its increased volume of business, due to the increasing consumption of matches, for, since the year 1890, while the population of the United States has increased but about 43 per cent, the consumption of matches has, it is estimated, increased nearly 150 per cent.

Matches are manufactured extensively in Great Britain, Sweden, Denmark, France, Belgium, Germany, Austria, Switzerland, Russia, Italy, and Japan. In all countries substantially the same ingredients are used for the composition of the head. The match stick or splint, however, as well as the box containing the match, are made of different materials in different countries, depending upon the materials available, the cost of such materials, and the requirements and demands of the trade. In the match-producing countries of continental Europe aspen, from Russia, is employed almost entirely for the stick or splint, and, up to the present time, it has been possible to obtain this wood at a low price. The season during which navigation is open and during which shipments of aspen logs may be made from Russian ports is short; furthermore, the wood begins to

deteriorate very soon after it has been cut. For this reason, and for the further reason that under existing conditions it is impossible to contract for a supply for a number of years to come, The Diamond Match Company has not considered it practicable to buy aspen logs in Russia and import them into this country, nor has it felt justified in establishing a plant in Russia for the manufacture of match sticks or splints to be shipped into this country to be used in the manufacture of matches. It has, therefore, in the production of sticks or splints adhered to white pine, which costs appreciably more than the aspen used by match manufacturers in other countries. Consequently, its foreign competitors operate under a great advantage because of their ability to obtain, up to the present time, in a country comparatively near by lumber for match sticks or splints at a price much less than that which match manufacturers in this country are required to pay for the white pine they use. Even assuming, however, that it would be practicable to manufacture or buy match splints in Russia to be shipped into this country, a duty of 35 per cent would be levied thereon, as required by the existing law. In addition to the match stick or splint, the more important materials employed in the manufacture of matches are as follows:

Strawboard or box board, on which there is a duty at present of 25 per cent;

Pulp board, on which there is a duty of 25 per cent;

Wrapping paper, on which there is a duty of 25 per cent;

Glue, on which there is a duty of 2½ cents per pound when costing less than 10 cents per pound, and 25 per cent when costing more than 10 cents per pound;

Ink, on which there is a duty of 25 per cent;

Phosphorus, on which there is a duty of 18 cents per pound;

Chlorate of potash, on which there is a duty of 2½ cents per pound;

Coloring materials, on which the duties range from 25 per cent to 35 per cent;

Brimstone, on which there is a duty of $8 per ton;

Flint, on which there is a duty of 35 per cent;

Whiting, on which there is a duty of one-fourth cent per pound.

The materials other than lumber used in the manufacture of matches in the match-producing countries of continental Europe will be found to cost less in such countries than in the United States by about the amount of duty that it would be necessary to pay on such materials if imported into this country. In point of fact, some of the material used by The Diamond Match Company, in the manufacture of matches, notably glue, is imported. Scotch or Irish glue has been found to be more uniform and greatly superior to that produced in this country, due apparently to the greater care used in the selection of the stock from which it is made, and due also to the climatic conditions surrounding its manufacture.

In respect to labor, the average wage rate in match factories in the countries in continental Europe is only about 30 per cent of the wage paid in this country to the same class of operators. In England, where the wage rate is higher than on the Continent, there are over 600 girls employed in one of the prominent match factories, whose average weekly wage is 9 shillings 9 pence, whereas the average weekly wage rate of girls paid by The Diamond Match Company is about $7.50.

The match manufacturer in continental Europe, therefore, has advantages over the match manufacturer in the United States because of his ability (1) to secure lumber at a price materially less than that paid in this country for white pine; (2) to obtain other materials used in the manufacture of matches at a price less than the manufacturer in this country is required to pay by about the amount of duty on such materials; and (3) to employ labor at about 30 per cent of the price paid in this country for the same class of labor.

So far as the export trade in matches is concerned, the volume is almost negligible; from time to time The Diamond Match Company has sought to enter the field in South American countries, and while an occasional order has been secured, it has been unable to make any headway or come anywhere near meeting the prices of foreign-made matches.

We have heretofore confined our remarks to the conditions surrounding the production of matches in the match-producing countries of continental Europe. In reference now to the match situation in Japan, we invite your attention to a report of Consul John H. Snodgrass, published in the Daily Consular and Trade Reports of November 20, 1908, as follows:

It is learned through the Osaka papers that a leading Japanese match-stick company is arranging to secure capital from the Swedish match trust. It is explained that Swedish match manufacturers, the principal match manufacturers of Europe, have cut down almost all the Scandinavian trees available for match-sticks, and that they are now getting a supply of wood from Russia, where the supply is also falling short.

The trust formed in 1906 by eighteen match manufacturing companies of Sweden for the sale of matches has been quite successful, and it has been able to overcome the Japanese match competition in India. The Swedish trust, at the opening of such a brilliant future for its business, has begun to feel anxious regarding the sources of its future supply of wood for match sticks. Learning that Japanese match manufacturers, who have repeatedly failed in attempts to form a combination, are anxious to secure foreign money, and also that there is an abundant supply of match-stick wood in Japan, the Swedish syndicate has made investigations into the position of the industry in this country. Satisfied with the result of the investigations, the trust decided to invest money in the industry in Japan, and negotiations were entered upon with several Japanese companies. A proposal was made that the Swedish trust should take half the amount of the capital of the Japanese match-stick company already referred to, but in view of the depression of business in Japan the trust hesitated to agree to the proposal. Negotiations for the combination between the trust and the Japanese company have, however, again been opened. If the combination is successfully arranged, a large export of match sticks will result, and in that case the price in Japan will rise and the match industry, which is already suffering from the depression of trade, will be reduced to an even worse position. Therefore, manufacturers outside the proposed combination have been holding conferences to consider the course to be taken.

The leading match manufacturers of Kobe and Osaka are considering a proposal to incorporate the industry into one company, and, if possible, to obtain a charter to monopolize the export of matches, this effort having been brought about by the alarming decrease of trade. There are 124 match factories in Kobe and Osaka. Of this number 13 in Osaka and 17 in Kobe have temporarily suspended operations, the output of matches falling off considerably in consequence. A local publication states on authority that the market in China and elsewhere in the Far East for Japanese matches (large sticks) has been largely encroached upon by Swedish and German matches. The export of Japanese matches so far this year shows a decrease of 40 per cent, as compared with the corresponding period of last year, and the outlook is considered almost hopeless unless united efforts are made by the companies to relieve the situation. It is expected that the amalgamation scheme will come to a successful issue. The total value of matches exported from Kobe and Osaka were as follows in 1906 and 1907: Kobe, $4,207,413 and $3,517,189 respectively; Osaka, $1,212,932 and $1,115,469, respectively.

Up to this time, as Mr. Snodgrass states, the match industry in Japan has been disorganized, and apparently but little capital has been available for the purpose of developing it and of establishing large plants. Due to the inferior character of the match heretofore produced there, relatively few have been imported into this country, and such small quantities as have been imported from time to time have been unsatisfactory. If, however, Swedish capital be invested in the business and the well-demonstrated ability and skill of the Swedish manufacturers be utilized in developing the match industry in Japan and in manufacturing such types of matches as the trade in this country demands, Japan will, by reason of the low cost of labor and of the lumber available for the manufacture of the match stick or splint, be able to produce matches at a price so greatly less than any other country that it could sweep the markets of the United States. While the rate of wages paid in match factories in England and on the Continent appears low as compared with the wages paid in this country, they appear high in comparison with the wages paid in Japan. Lumber suitable for the manufacture of matches can be obtained in Japan for greatly less than the amount we are required to pay for white pine in this country. The possibilities of the match industry in Japan were so well appreciated at the time the tariff duties were established in the Philippine Islands that the import duty on matches was fixed by the Philippine government at a figure that will be found to be approximately four times that now imposed by the United States Government.

If, as we contend, conditions are such as to justify an advance in the present tariff against the match manufacturers of continental Europe, how much more warrant is there for this contention in the face of the likelihood of the development of the match industry in Japan?

Practically the only type of match imported into this country is the safety match; it can be bought f. o. b. New York, duty paid, packed in zinc-lined cases, for 32 cents per gross of 144 boxes, each box containing about 60 matches. This is below the factory cost (eliminating entirely administrative, selling expenses, and profit) of a similar match made in this country of white pine, in the same kind of a box, containing the same number of matches per box, and packed in zinc or tin lined cases. An advance in the duty of from 8 cents to 12 cents per gross, or about one-half cent per thousand matches, would not, in our judgment, reduce importations nor work any hardship on the consumer, nor could it affect the price of parlor and double-dip matches, which form 95 per cent or more of the consumption of matches in this country. We ask, therefore, that the tariff on matches be increased from 8 cents to 12 cents per gross when packed in boxes containing less than 100 matches per box, and from 1 cent to 1½ cents per 1,000 when imported otherwise than in boxes containing not more than 100 matches each.

Respectfully submitted.

THE DIAMOND MATCH CO.,
O. C. BARBER, *President.*

PEAT MOSS.

J. R. POOLE, BOSTON, MASS., ASKS REMOVAL OF DUTY FROM SANITARY STABLE BEDDING.

BOSTON, *December 17, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: Being the most extensive dealer in peat moss in the city of Boston and near-by towns, I would respectfully ask that in revising the tariff that same be put on the free list. Peat moss now pays a duty of $1 per ton. There is no American product of the same nature with which this article competes. The only effect of the duty is to raise the price to the consumers, who are truckmen, expressmen, stable keepers, and farmers in the immediate vicinity of the large seaboard cities. As a revenue measure it means nothing to the Government, as the total importations to the port of Boston is only 900 tons per year. I believe, however, with the duty removed the business could be considerably increased, resulting in a benefit to the community through the more general use of the only sanitary stable bedding known.

Yours, respectfully,

J. R. POOLE.

SHOE CORK.

HERBERT R. LANE & CO., BOSTON, MASS., ASK FOR A SPECIFIC CLASSIFICATION FOR SHOE CORK AT 15 PER CENT.

BOSTON, MASS., *December 19, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: As importers and distributers to shoe manufacturers and jobbers of shoe findings of two articles manufactured for the shoe trade by our English correspondents, the Shepley Mills Linoleum Company, we present same to your honorable board for classification.

SHOE CORK.

An article manufactured from ground cork mixed with linseed oil and applied to a backing of cotton muslin. Represented by sample herewith submitted and marked "Sample A."

We first brought this article into this country in October, 1907, under Schedule N, paragraph 448, of the tariff act of July 24, 1897, as a manufacture of cork, or of which cork was the component material of chief value, at 25 per cent ad valorem.

The Government has since changed the classification of this article by placing same under Schedule I, paragraph 322, as a manufacture of cotton not specially provided for, at 45 per cent ad valorem.

Our protest against this decision is still pending and the National Board of General Appraisers has not as yet rendered a verdict.

Should this latter-named duty prevail it would become at once prohibitive and the article could not be brought in.

The article, as first entered and brought in by ourselves under Schedule N, paragraph 448, permitted our selling same in the American market at 30 cents net per square yard, while a leading domestic manufacturer of a competitive fabric, viz, the Trenton Oilcloth and Linoleum Company, Trenton, N. J., freely offers a competitive article of the same gauge and general appearance at 27.36 cents net. This makes our English goods 10 per cent higher in price than theirs, at least, and on their lowest quotations, which at present we are unable to determine, a still greater difference.

Our market on this basis could only be maintained through superiority of the fabric for the shoe manufacturer's usage. Even under these conditions we fear that our market is gone, as the difference in price between the English and American is too great.

We would therefore respectfully submit for your consideration that a duty of 15 per centum ad valorem be placed upon the article known as "shoe cork."

We take exception to the suggestion contained in the brief of the Armstrong Cork Company, dated at Pittsburg on November 23, 1908, wherein they advise that 5 cents per pound be placed upon "cork bark, wholly or partially manufactured for life preservers, for cork insoles, etc.," as a duty of this description upon our article, weighing about 1¾ pounds to the square yard, would be absolutely prohibitive and would give the American manufacturer unwarranted protection.

Our other articles for your honorable consideration, and attached hereto marked, "Sample B," is an article composed of ground cork and linseed oil, forming a composition applied to a cotton muslin backing as in our other article marked "shoe cork." The only difference between this latter named and shoe cork is that the grinding of the cork in Sample B has progressed to a finer stage. This is an article to be used by manufacturers of box toes for shoes. Heretofore it has been impossible to bring this article into this country as its classification has been as a manufacture of cotton not especially provided for, viz, Schedule I, paragraph 322.

We realize full well that our tariff is primarily for the protection of the American manufacturer, but we realize also that the revenue derived therefrom is of inestimable benefit to the Government and that a tariff which prohibits importation protects the American manufacturer to the exclusion of government resources.

We therefore present these two articles in question for your careful consideration, feeling sure that their merits, properly considered, will show to your honorable selves that a 15 per cent ad valorem duty on both these articles insures the American manufacturer sufficient protection and will not prohibit the entire importation of such articles but will permit of their selling to such of the American trade as may favorably consider them.

Respectfully submitted.

HERBERT R. LANE & CO.,
HERBERT R. LANE,
President and Treasurer.

SHOES.

R. H. LONG, SOUTH FRAMINGHAM, MASS., FAVORS REDUCTION IN SHOE DUTY, WITH FREE HIDES.

SOUTH FRAMINGHAM, MASS., *December 16, 1908.*

Hon. SERENO PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

DEAR SIR: It is reported that shoe manufacturers generally in this country are willing that the present tariff on imports of shoes to this country should be removed, and that shoes should be admitted free of duty, provided the import duty is removed from hides.

I believe that free hides would be a great help to the shoe-manufacturing industry, and would bring about the production of better shoes at a given price; but I beg to protest against the removal of all the present tariff on shoes. A reduction might safely be made on the import duty, leaving a duty of about 20 per cent ad valorem.

The labor cost on a medium-priced shoe that retails at about $3 per pair and wholesales at about $2 per pair is 50 to 60 cents, and a 20 per cent duty would be ample to cover the difference between the cost of labor abroad and in this country and allow a reasonable profit.

The methods of shoemaking have been changed during the last twenty years, and the different operations have been subdivided so that an unskilled man can in a short time learn one of the operations of shoemaking, with the result that shoes are made to a greater extent by unskilled labor than in former years.

If we have free trade in shoes, it would be quite possible for any American shoe manufacturer to establish a factory abroad and with a comparatively small number of foremen and skilled workmen use largely unskilled foreign labor in shoemaking and produce shoes cheaper than any manufacturer in this country, if the manufacturer paid the present standard of wages, and with this foreign competition our shoe manufacturers would be compelled to reduce wages or close their factories.

I have been in the shoe-manufacturing business about twenty-eight years and own and operate retail shoe stores in many cities of this country. One thousand or more shoe workers are employed in making shoes for my stores.

If shoes should be put on the free list I think it would be advisable, in order to meet foreign competition, to establish a factory abroad until wages should become the same per pair in this country and abroad.

Yours truly, R. H. LONG.

STATUARY.

H. T. DEMPSTER, NEW YORK CITY, URGES THAT THERE BE NO INCREASE OF DUTY ON STATUARY.

NEW YORK, *December 18, 1908.*

CHAIRMAN WAYS AND MEANS COMMITTEE,
Washington, D. C.

SIR: I beg, on my own and the behalf of other importers of statuary and other works of art in marble, bronze, stone, and wood, to call

your attention to the hardship that would result through any increase in the duty on these articles.

Were the idea carried out that duties should be levied on imports of these articles on the basis of their relative cost in the countries of origin and the United States it would, in this particular instance, have the effect of destroying the industry entirely, because, particularly in the case of marble statues for cemetery, ecclesiastical, and general decorative purposes, it may be stated that no such industry is established in the United States and that none could be established. Not only does Italy (from whence the larger part of this work comes) produce the raw material, the artists, and the facilities generally for the production of these articles, but the economic conditions of the industry there are of such a nature as would preclude the possibility of its being transferred to this country. There is no marble produced in the United States that possesses the requisites for this class of work; there are few artists and fewer artisans here competent to produce this kind of work in its entirety, as is established by the fact that most of the works of American sculptors and artists are sent abroad to be put in marble. In order, therefore, to establish such an industry in this country it would be necessary to import the raw material, the artists, modelers, workmen, and handlers, and, taking into consideration the difference in the economic conditions existing between this country and Italy (for example), the enhanced cost involved in transplanting the industry in this country would completely destroy the already limited demand for these articles. Also, no other industry would be in any way benefited by the imposition of a heavier duty on these articles, and, as a matter of fact, the removal of the duty entirely would not only not harm any other industry but would benefit the community artistically by cheapening the cost of and widening the demand for works of art.

As a matter of official routine the Board of General Appraisers some years ago took the ground that works of art in marbles, such as statues, altars, etc., should be assessed as manufactures of marble and not as works of art. Their contention was negatived by several court decisions, and it was established by the courts of last resort that such works are essentially works of art and that the cost of such articles in the countries of production bears no relation to the value of the articles as works of art, because the economic conditions under which they are produced in the countries of origin are such as to make it possible and profitable to produce them.

I may add that these articles have a decided educational advantage and the community is benefited through their importation. Under the existing conditions many valuable works of art in marble are within the reach of individuals and communities, to the distinct advantage of all. Any increase in the duty would therefore so enhance the cost of these objects as to put them without the reach of all except the very well to do. This consideration alone should influence conservatism in the consideration of this matter.

I am, sir, yours, very truly,

H. T. Dempster.

STRAW AND CHIP BRAIDS.

AMERICAN DYERS AND BLEACHERS OF STRAW AND CHIP BRAIDS ASK FOR AN INCREASE OF DUTY.

WASHINGTON, D. C., *December 18, 1908.*

WAYS AND MEANS COMMITTEE,
House of Representatives.

GENTLEMEN: We, the undersigned dyers and bleachers of America, desire to present for your consideration our views on the necessity for a higher duty on dyed and bleached straw and chip braids used in the manufacture of hats.

The paragraph to which we would call your attention is 409, under Schedule N of the present law, which reads as follows:

409. Braids, plaits, laces, and willow sheets or squares, composed wholly of straw, chip, grass, palm leaf, willow, osier, or rattan, suitable for making or ornamenting hats, bonnets, or hoods, not bleached, dyed, colored, or stained, fifteen per centum ad valorem; if bleached, dyed, colored, or stained, twenty per centum ad valorem; hats, bonnets, and hoods, composed of straw, chip, grass, palm leaf, willow, osier, or rattan, whether wholly or partly manufactured, but not trimmed, thirty-five per centum ad valorem; if trimmed, fifty per centum ad valorem. But the terms "grass" and "straw" shall be understood to mean these substances in their natural form and structure, and not the separated fiber thereof.

We ask that the words "twenty per centum" be striken out and "thirty per centum" substituted. In other words, that the duty on dyed and bleached straw and chip braids shall be increased from 20 per cent ad valorem to 30 per cent ad valorem.

We have no objection to the duty of 15 per cent ad valorem on the natural braids, as we presume this is levied for the purpose of revenue, and we have no interest in the actual value of the merchandise we handle in any event.

We claim, however, that there should be a greater difference than 5 per cent additional on bleached, dyed, colored, or stained braids.

The custom-house records show that last year $509,000 out of $1,800,000, or nearly one-third of the braids imported from Europe, were either dyed or bleached.

Any possible loss in revenue caused by the additional duty asked for would be more than offset by the increased duty on chemicals and dyestuffs that would be used if we had this work to handle in this country.

Dyers in Italy are paid on an average of 40 to 50 cents per day, while our labor cost averages $2 per day. The chemicals and dyestuffs which we use are dutiable at from 25 to 35 per cent. This, together with the increased cost of labor in this country, makes it impossible for us to compete with Europe when we have a protection of only 5 per cent.

We ask for a protection to the extent of the difference in the cost of production at home and abroad.

All we want is an opportunity to do work on equal terms with Europe.

There are 30 manufacturers who maintain dyers and bleachers in their own plants, and in addition there are 11 job dyehouses and bleacheries in this country. While some of these manufacturers desire

no distinction made between the duty on dyed and raw straw braids, we feel that our industry is certainly entitled to as much protection as dyers and bleachers of textile goods.

We would call your attention also to the fact that the Japanese are sending over braids composed partly of natural straw and partly of dyed straw, woven together. These braids are used in this country in the same condition as that in which they arrive, and are to all intents and purposes dyed braids, and should therefore come under the dyed and bleached rate for government revenue rather than for protection.

These braids are sold here at practically the same prices as raw braids, thus showing that in Japan the cost of dyeing is practically nothing as compared to ours.

We fear greatly that within the next few years the Japanese will take up the dyeing and bleaching of braids and export them here, in which case our industry will be entirely ruined.

The duty asked for, therefore, is not only a protection against European labor but, further, will act to discourage the Japanese and Chinese from embarking in this industry to the detriment of the American labor.

Hoping you will give this petition your favorable consideration and recommend the advance in duty as we have requested, we remain,

Very respectfully,

Wm. Randall & Sons (Incorporated), F. H. Randall, Secretary, 112 Raymond street, Brooklyn, N. Y.; Parsons Dyeing and Cleaning Company, Nathan G. Parsons, President, 194 Huntington street, Brooklyn, N. Y.; Stock & Co., 8–12 Jones street, New York City; James J. McCool, Mansfield, Mass.; Wm. E. Murphy, Wrentham, Mass.; E. A. Norton, Bradford, Mass.; Emmons Brothers Company, Haverhill, Mass.; Daniel H. Young, Monson, Mass.; J. S. Overhiser, Amherst, Mass.; Lewis-Brown & Co., 252 Moffatt street, Brooklyn, N. Y.; Young Brothers, Foxboro, Mass.; E. A. Young, Franklin, Mass.; Joseph Norman, Norman Douglass, Medway, Mass.; Thomas Caton, Foxboro, Mass.; George S. Thompson, 110 Utica street, Boston, Mass.; William C. Young, Westboro, Mass.

STRAW BOTTLE COVERINGS.

HON. J. H. DAVIDSON, M. C., WRITES RELATIVE TO STRAW COVERINGS FOR BOTTLES WHICH NEED PROTECTION.

WASHINGTON, D. C., *December 16, 1908.*

CHAIRMAN COMMITTEE ON WAYS AND MEANS,
House of Representatives.

SIR: I had hoped by this time to be able to present to you a brief on the subject of the duty on manufactured hay and straw products. My constituents have not yet been able to submit their statements to me. Briefly stated, the situation is as follows:

In Wisconsin we have an immense acreage of marsh grass, a wiry coarse grass which grows on the lowlands along the rivers and is not suitable and can not be used as hay for stock feeding. This grass is now being used very largely in making mattings and also for packing furniture and other such goods.

There is also what is known as the straw bottle covering industry, in which some of my constituents are engaged.

There is at present, I believe, a duty upon straw products. This ought to be continued.

The present law permits to be entered free of duty straw coverings when used on bottles imported. There is, I think, no objection to this provision when the covering is used upon filled bottles and the bottles are resold to the consumer, the cover continuing thereon.

There are, however, large quantities of empty glass bottles imported into this country for the drug and other trades which use bottles. These bottles have never been filled or used. While the straw covering may be an additional protection in the shipping of empty bottles, yet after the bottles are received in this country, I understand the practice is to remove these straw coverings, bale them, and put them upon the market in competition with straw coverings manufactured in this country.

In foreign countries straw coverings are manufactured by hand, and largely in the family, where all members of the family take part in the work, thus reducing the cost of manufacture to the minimum.

In this country they are largely manufactured by machinery, the machines being operated by girls who receive good wages.

A suitable duty should therefore be imposed sufficient to protect this industry. At the same time provision should be made so as to prevent that improper and unfair competition which comes from placing upon the market in this country straw coverings which have been heretofore used on bottles imported, and which on this account have not paid duty.

I expect to receive in a day or two a statement from my constituents who are interested in this matter, and upon its receipt I will immediately forward it to you.

Yours, very respectfully, J. H. Davidson, M. C.

EXHIBIT A.

Oshkosh, Wis., *December 17, 1908.*

Hon. J. H. Davidson,
Washington, D. C.

Dear Sir: I have been running a straw-bottle-cover factory in this city for the past twenty years. The fact of the matter is that the only time I could get into the market with my wrappers was when there was a shortage of straw in the old country.

I have a large amount of money invested in machinery, buildings, and equipment, that in the past twenty years has laid idle more than half the time. My factory could have been running the year round at a profit if I was given a proper protection; that is, if the tariff on imported bottle wrappers was so placed as to equalize the cost of

manufacture. In the United States and Germany, with a low price of labor and straw in Germany and the high price of labor and straw in the United States, it is impossible for me to meet the prices made on imported straw wrappers. Hoping you will give us relief, I remain,

Very truly, yours, LOUIS SCHNEIDER.

EXHIBIT B.

OSHKOSH, WIS., *December 17, 1908.*

Hon. J. H. DAVIDSON,
Washington, D. C.

DEAR SIR: As you will note, we, the Oshkosh Bottle Wrapper Company, have been making bottle wrappers for the last five years. We started in making hay wrappers, but found in the course of business that a large bulk of the trade insisted on having straw wrappers, for the reason that straw wrappers have been used in the packing of wines, etc., for over one hundred years and that it would be necessary for us to make straw wrappers, which we have attempted to do and have been obliged to discontinue manufacturing straw wrappers for the reason that the imported straw wrapper has been laid down in our market for less money than we can make a straw wrapper for.

The girl operators that run our machines earn from $7.50 to $9 a week; the helpers, that is, the girls who take away from the machines, earning from $5 to $6 per week. All of this work is done by girls over 16 years old, while in Germany, where most of the imported bottle wrappers are made, the operator earns not exceeding 30 cents of our money per day and the helper is not paid, this being an industry done by the family where all the children help to get these goods out.

We have to comply with the state labor law, and can not employ children under labor age. If we had protection to cover only the difference of the cost of production, we know that a large industry could be established in our country, and this would help not only the manufacturer and laborer, but would help the farmer by giving him an increased price for his rye straw, which they could thrash with a special constructed thrashing machine such as they are using in some parts of this country to-day to secure long rye straw for the manufacturing of harness collars. Under the present tariff conditions it is impossible for us to manufacture straw wrappers and compete in price with the German product.

Another great factor in keeping the price of bottle wrappers down below our cost of production here is the fact that annually large quantities of bottles are imported into this country with straw wrappers. These wrappers covering these bottles come in duty free, are then baled up and put on the market as new wrappers. These wrappers should certainly pay a duty.

We inclose you here a letter received a few days ago from the Schlitz Brewing Company, of Milwaukee, and this is only a sample of the many that we receive in trying to do business with large buyers in straw wrappers.

Yours, very truly, OSHKOSH BOTTLE WRAPPER CO.,
Per WM. DICHMANN, *President.*

EXHIBIT C.

MILWAUKEE, *December 12, 1908.*

Mr. WILLIAM DICHMAN,
Oshkosh Bottle Wrapper Co., Oshkosh, Wis.

DEAR SIR: Your favor of the 10th instant to hand; also sample wrapper. While this wrapper is a good and safe one, we fear that you will have but little sale unless you will be able to considerably reduce price. The ordinary straw wrapper gives full protection and, as you are aware, is much lower in price.

Yours, truly,
JOS. SCHLITZ BREWING CO., BOTTLING DEPARTMENT.

MAYVILLE, WIS., *December 17, 1908.*

Hon. J. H. DAVIDSON, M. C.,
Washington, D. C.

DEAR SIR: I have a factory here for the manufacture of straw bottle covers, and tried to compete with the imported straw covers, but could not do so. In 1905 I went to Europe and investigated the manufacture there, and found it was a house industry. Their raw material is cheaper and better than we can get, because we have to use a machine-thrashed straw, while they get a flail-thrashed straw, of which they can use all for covers, while our machine-thrashed straw is half waste. The wages of the operator is also against us. I found that the people over there were satisfied with an earning of 20 to 25 cents per day of our money, while we have to pay \$1 to \$1.50 per day for our operators.

If we could have protection, a large industry could be developed in that branch, but as it is now there is nothing can be done. My factory has been closed for the last five years, and I can not use the factory for the manufacture of bottle covers unless we get a protective tariff that will nearly offset the difference in cost of manufacture in Europe and this country. The people over in Europe use a very similar machine for the manufacture as we use here. The only difference that I could see was that their machines were operated by foot power while ours are operated by steam power. An expert operator will turn out as many covers on their machines as an ordinary operator will turn out on ours.

Very respectfully, A. F. SCHOEN.

WORKS OF ART.

"ART NOTES" THINKS THAT A LARGE PROPORTION OF AMERICAN ARTISTS ARE OPPOSED TO FREE ART.

NEW YORK CITY, *December 22, 1908.*

Hon. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Inclosed you will find a clipping from Macbeth's Art Notes for December, 1908, which is a very fair estimate.

Very truly, yours,
GEORGE A. TRAVER.

Exhibit A.

[From Macbeth's Art Notes.]

Now that general tariff changes are being considered the time is doubtless near when duties on works of art will either be removed or modified.

All who are for or against a change should be ready to express themselves. I find that, contrary to the general impression, artists are by no means of one mind on this question and that there is a very decided opposition to so-called free art on the part of many. Although the views of these opponents are not seen in print as often as those of the artists on the other side, their opinions must be given consideration. I have had a good many opportunities to hear views of individual artists on this subject and I am of the opinion that a vote by ballot of the artists in any club or society in the city would show fully 75 per cent opposed to "free art."

WM. C. HUNNEMAN, BROOKLINE, MASS., WRITES IN FAVOR OF FREE ART AND FREE NEGATIVES OF FOREIGN VIEWS.

Brookline, Mass., *December 19, 1908.*

Hon. Sereno E. Payne, *Chairman,*
Washington, D. C.

Dear Sir: I desire to add my name to the petitioners for free art in the contemplated revision of the tariff, and, besides the articles that I have seen enumerated under this head, to add photographic negatives of foreign views taken by Americans. I have in mind an experience of a friend of mine some years ago who took abroad several hundred American dry plates, exposed them for pictures in Europe, and brought them back undeveloped. He was in the business and preferred to develop them at home, yet he was required to pay a duty on them, not as unexposed plates but as exposed plates. It might have turned out (as is often the case with amateurs) that the exposures were all faulty. It seemed very absurd, for of course the exposures were something that could not be produced here unless we brought the views or the scenery over here, which of course is absurd to talk about, and the result of his work was educational, to give the American public good, low-priced pictures of things they want to see.

I hope you can be liberal in the revision with negatives, whether taken on American or foreign plates.

Yours, sincerely, Wm. C. Hunneman.